Newfoundland Labrador

The ECONOMY 2012

People and Prosperity

Responsible Investments for a Secure Future

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The Economy is published annually by the Government of Newfoundland and Labrador under the authority of: The Honourable Thomas W. Marshall, Q.C., Minister of Finance and President of Treasury Board. All data are current as of April 11, 2012.

Comments and questions concerning *The Economy 2012* should be directed to:

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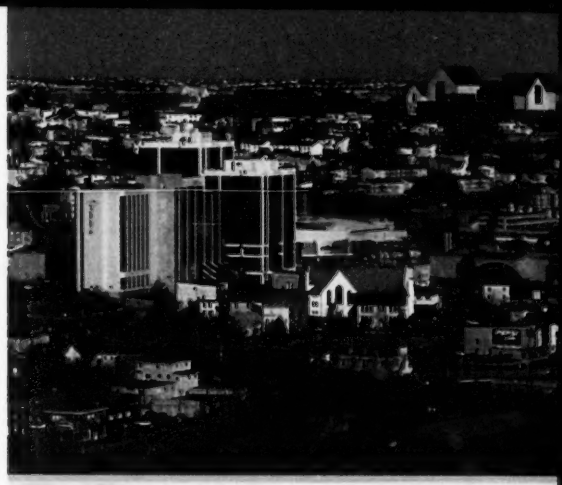
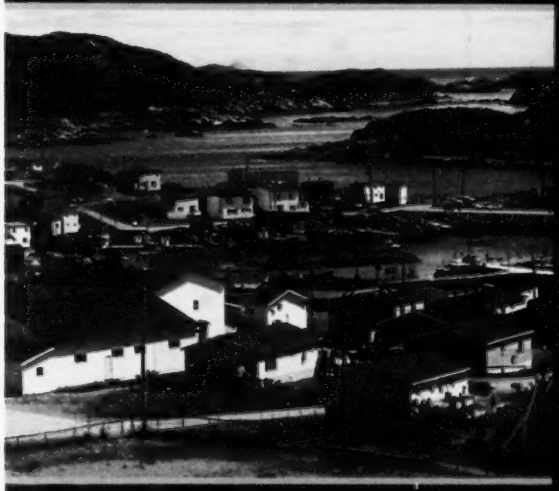
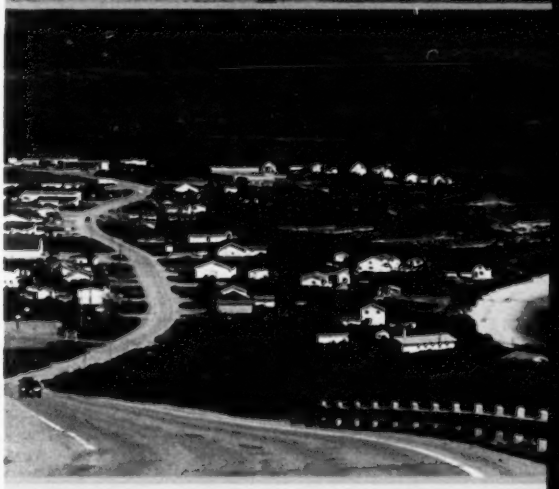






2011 Highlights

Real Gross Domestic Product (GDP) growth in Newfoundland and Labrador was one of the highest among the provinces in 2011.

Real GDP posted growth of 4.3% driven primarily by gains in investment and mineral production.

Investment increased by 21.9% to $7.4 billion, due in large part to development of major projects but also aided by the continuation of government's infrastructure strategy.

Total exports (in real terms) grew by 2% as higher mineral production offset a small decline in oil production.

Employment grew by 2.7% to reach 225,400.

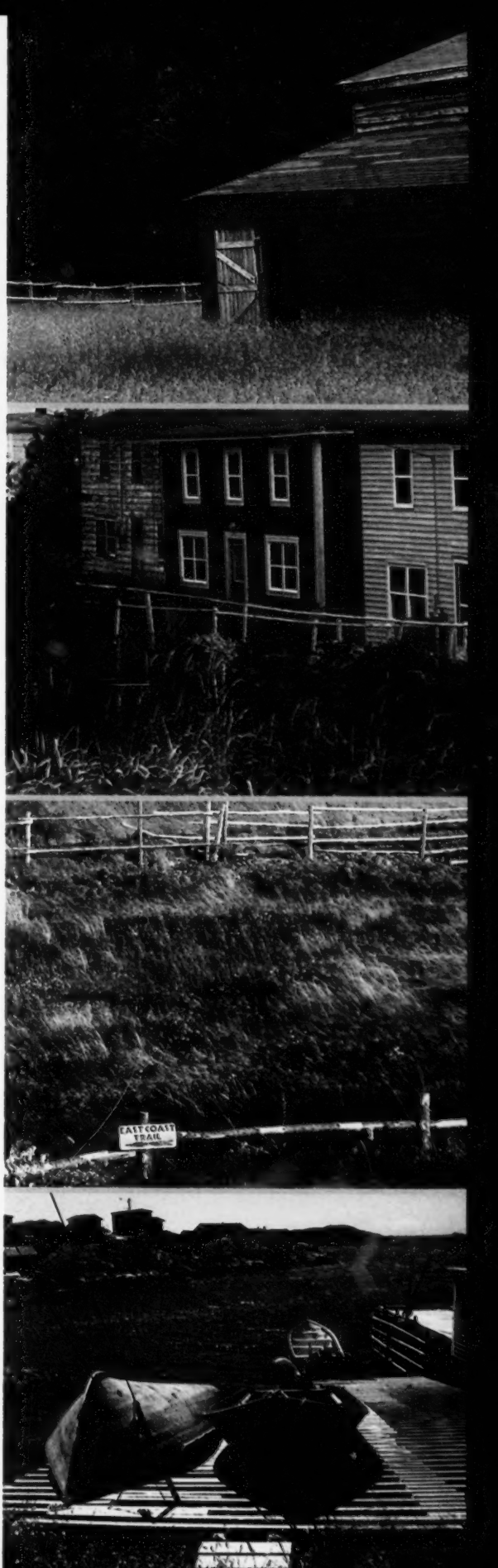
Employment growth was the second highest (after Alberta) among the provinces.

The unemployment rate declined by 1.7 percentage points to 12.7% and was the lowest in at least 36 years.

Average weekly wages grew by 5.1% supported by general wage growth in both the private and public sectors.

Personal income rose by 6.3% due to wage gains and employment growth. Personal disposable income also grew by 6.3%.

Retail sales grew by 5.1% to $7.8 billion, driven by income gains and solid consumer confidence.



The province's population stood at 510,578 as of July 1, 2011, a decline of 0.1% compared with July 1, 2010. The 2011 Census indicates the province's population was higher than this estimate.

Inflation averaged 3.4% in 2011. Higher energy prices exerted upward pressure on the overall price index.

The construction industry posted record levels of employment and investment.

Residential construction spending was up 3.9% in 2011, with higher expenditures on renovations more than offsetting lower spending on new dwellings. Housing starts decreased by 3.3% to 3,488 units in 2011 but remained high from a historical perspective. The number of MLS® sales increased by 5.8% and average house prices increased 6.9% to a new high of $251,581.

Offshore oil production totalled 97.3 million barrels, a decrease of 3.4% relative to 2010. The value of oil production increased by 30.0% to $10.7 billion due to higher prices.

Interest in offshore exploration increased. The Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) announced four successful licence bids totalling $349.8 million in work commitments, the second highest single-year bid total since 1988.

The value of manufacturing shipments rose to more than $5.5 billion, mainly due to gains in value for refined petroleum and fish products.

The volume of fish landed was down 12.1% compared to 2010, while landed value increased 21.3% to $568 million due to significantly higher prices.

Aquaculture production increased to a record 17,264 tonnes, up 12.4%. The total market value increased by 1.8% to $120 million.

Paper product shipments declined 8.8% to 236,240 tonnes, as a result of lost production due to equipment repairs and the implementation of directory paper production. Estimated shipment value was down between 7% and 8% due to the lower production.

The value of mineral shipments increased by 22% to about $4.6 billion, reflecting higher production and prices. This represented the highest shipment value on record.

Mineral exploration expenditures increased to about $172 million in 2011 from $105 million in 2010.

The number of travel and tourism visitors to the province was slightly higher than 2010, a record year.

2012 Expectations

Real GDP is expected to increase by 0.1% as lower oil production constrains growth.

Real final domestic demand is forecast to grow by 6.1% as gains in investment and consumption reflect underlying strength in the economy.

Employment is expected to grow by 1.8% to average 229,400 and the unemployment rate is expected to decline by 0.4 percentage points to 12.3%.

Personal income and disposable income are both expected to grow by 5.4%, aided by employment growth and continued wage gains.

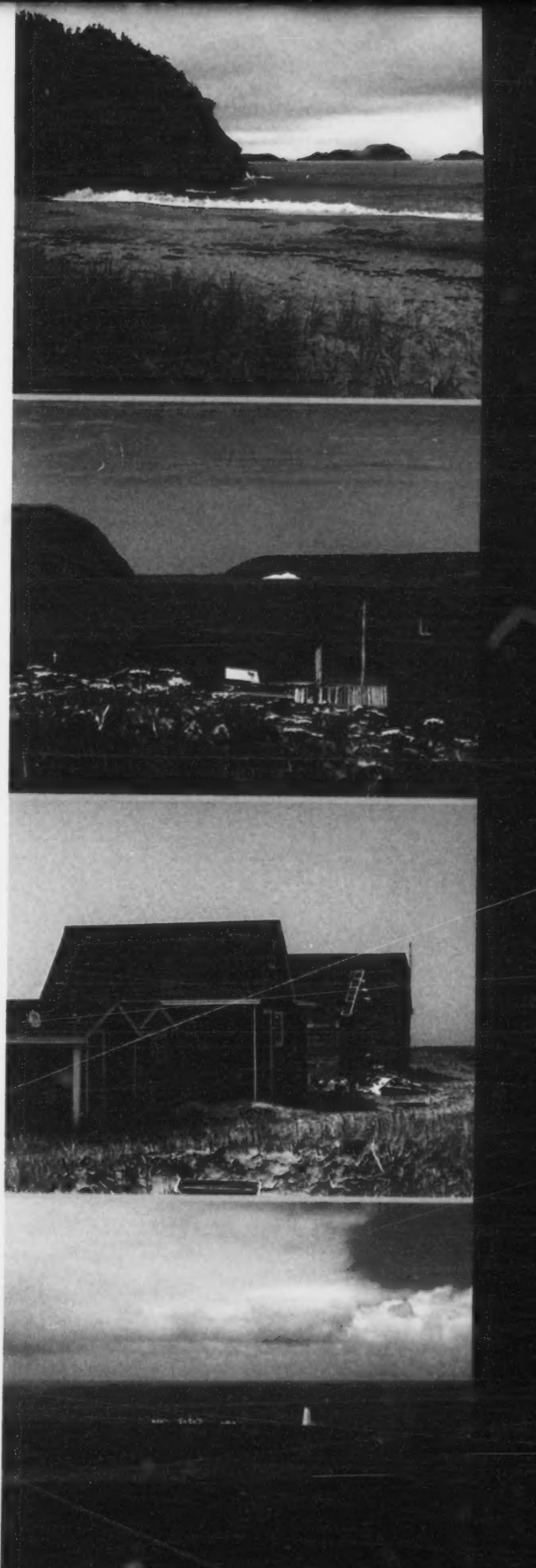
Retail sales are expected to increase by 4.0% supported by income growth.

Population is expected to increase by 0.5% due mainly to in-migration.

The construction industry is expected to post another solid performance as major project activity remains at elevated levels.

Capital investment is expected to rise by 30.1%, driven mainly by expenditures in the oil and gas, manufacturing (including Vale's nickel processing facility), and mining industries.

Capital expenditures associated with offshore oil development are expected to be $2.7 billion in 2012, up roughly 46% from 2011, due primarily to the advancement of the Hebron project.



Construction activity at the Vale nickel processing plant is expected to peak. Capital expenditures for 2012 are expected to be $1.2 billion.

The value of mineral shipments is expected to increase by about 24% to $5.7 billion—setting another record—due mainly to higher iron ore production and prices.

Mineral exploration expenditures are expected to increase to $234 million from $172 million in 2011.

The value of manufactured products is expected to increase in 2012 as a result of higher prices for refined petroleum.

Paper product shipments are expected to be about 250,000 tonnes, up slightly from last year.

The Conference Board of Canada predicts that total overnight tourist visits to the province will increase by about 1%.

Total oil production is expected to decline 21.3% to 76.6 million barrels due to natural declines and extended maintenance shutdowns at Terra Nova and White Rose. Oil prices are expected to be higher.

Fish landings in 2012 are expected to be down slightly as a result of quota reductions in some fisheries.

Aquaculture production is expected to build on record levels posted in 2011, largely due to continued expansion in the salmonid sector.

The residential real estate market is expected to remain strong in 2012 with high levels of housing starts, sales and prices, as well as low vacancy rates.

Housing starts are expected to decrease by 3.4% to 3,371. Residential investment is expected to total $1.8 billion, down slightly from 2011 but high from a historical perspective.

Global Economic Environment

Global economic recovery from the recent recession continued throughout 2011. The International Monetary Fund (IMF) estimates that most major economies had positive GDP growth in 2011. However, global economic uncertainty also persisted throughout the year due to sovereign debt troubles in Europe, unrest in the Middle East and slowing economic growth in China.

Commodity prices fared well last year, supported by solid demand from China and India. The Bank of Canada commodity price index grew by 11.6% in 2011, with the most significant gain coming in agricultural commodities (+34.8%). Energy and minerals also showed strong growth. Brent crude oil rose from US$79.61/barrel in 2010 to US$111.26/barrel last year.

Globally, the IMF estimates GDP growth was 3.8% in 2011 and is forecasting 3.3% growth in 2012.

Europe

Economic fragility in Europe, fuelled by sovereign debt woes in Greece, Ireland and a number of southern European nations, curtailed a robust recovery last year. GDP growth weakened throughout Europe as the year progressed. The IMF estimates that euro area GDP grew by 1.6% in 2011. The sovereign debt troubles that first emerged in Greece, and spread to Portugal, Ireland and Spain in 2010, reached Italy and France in 2011 (see discussion on pages 9-10). In January 2012 both Fitch and Standard & Poor's (credit rating agencies)

GDP Growth (%)

	2011e	2012f
World	3.8	3.3
Canada	2.5	2.2
United States	1.7	2.3
Brazil	2.9	3.0
China	9.2	8.2
India	7.4	7.0
Japan	-0.9	1.7
United Kingdom	0.9	0.6
Euro Area	1.6	-0.5
France	1.6	0.2
Germany	3.0	0.3
Italy	0.4	-2.2
Spain	0.7	-1.7
Russia	4.1	3.3

e: estimate f: forecast
Source: Canada - Statistics Canada (2011) and average forecast of major Canadian banks (2012); U.S. - Bureau of Economic Analysis (2011) and Survey of Professional Forecasters, U.S. Federal Reserve Bank of Philadelphia (2012); all other jurisdictions - International Monetary Fund, January 2012.

downgraded the debt of a number of European nations, including France, Spain and Italy, as well as the debt of the European Financial Stability Facility, which is responsible for coordinating euro area bailout efforts. Greece's solvency remains a concern but steps have been taken to strengthen the country's fiscal situation. On February 20 euro area finance ministers approved the terms of a second bailout package for Greece, worth 130 billion euros, and on March 9 the Greek government and private bondholders completed a bond swap deal intended to reduce the value of the nation's outstanding privately held debt by 53.5%. Nevertheless, a European recession in 2012 remains a distinct possibility, which will be a drag on global growth. At this point the IMF is forecasting a mild recession in 2012 with a 0.5% decline in GDP in the euro area.

EUROPEAN SOVEREIGN DEBT

Sovereign debt has been a problem in many developed countries, especially in Europe and Japan, over the last 15-20 years. Euro area countries, though, took advantage of economic boom times early in the millennium to reduce their debt burdens. Gross government debt-to-GDP ratios shrunk by an average of 6.0 percentage points across the region's current members over the 1998 to 2007 period, according to IMF data. However, the average debt-to-GDP ratio was still in excess of 50%. During the recent recession debt-to-GDP ratios began to increase again as revenues shrank and expenditures grew, due mainly to stimulus measures to counter recessionary impacts. Over the 2007 to 2011 period the debt-to-GDP ratios across the euro area grew by an average of 22.9 percentage points, including increases of 60.1 and 84.3 percentage points in Greece and Ireland respectively.

With the large growth in debt burdens, investors began to lose confidence in the ability of a number of European governments to repay their debt obligations. Accordingly, the sovereign debt crisis in Europe has dominated global economic news for two years, casting an ominous shadow over the economic recovery. Although European leaders moved to stem the crisis in 2011 and early 2012, the effectiveness of the measures remains uncertain and the issue continues to threaten economic stability in Europe and around the world. The uncertainty and economic risk associated with this is evident in the spread between the yields on 10-year government bonds in the most troubled European countries and the yield on German government 10-year bonds.

This spread is a widely followed gauge of sovereign debt default risk for European countries. In Europe, German bonds are equivalent to U.S. Treasuries in terms of their status as a "safe haven" asset in times of uncertainty. An increase in the spread is considered by most experts to be a reflection of the market's assessment of the country's growing risk of debt default, due to any number of factors but most importantly fiscal mismanagement.

Lately, the spread has also become something of a gauge of the exposure of a country's banks to the debt crises in southern European countries, most notably Greece, Portugal and Spain. This may be because investors believe that a country's banks hold dangerous levels of troubled sovereign debt and, should a serious sovereign debt event occur, these banks may need to be bailed out by their government. This would require governments to take on additional debt obligations in a depressed economic environment. The best example of this phenomenon, in recent months, was the uptick in French debt yields at the end of 2011 (see chart).

As of February 2012, the spread between the yield on domestic 10-year bonds and the yield on German bonds was still on the rise for Greece, while Ireland, Italy, Spain and even Portugal recently attained a reprieve (see chart). Since the ordeal began in

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United Kingdom	0.9	0.6
Euro Area	1.6	-0.5
France	1.6	0.2
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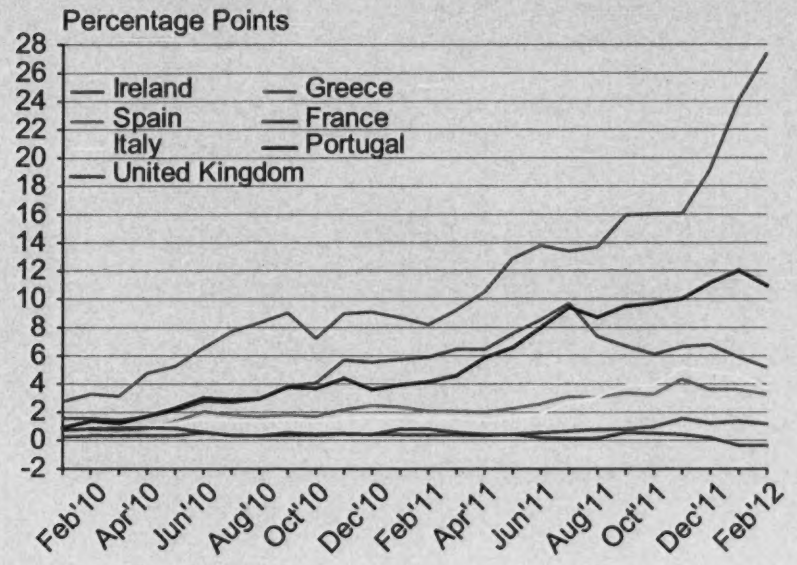
EUROPEAN SOVEREIGN DEBT

Yield Spreads on 10-year Bonds between Select European Countries and Germany



Source: European Central Bank

late 2009, the spread between Greek and German bonds has skyrocketed by 24.3 percentage points, to reach 27.4 percentage points. In 2011, across the most impacted nations—Ireland, Greece, Spain, Italy and Portugal—the spread rose from an average of 4.5 percentage points in January to 9.1 percentage points by December. As of February 2012 the average spread for these countries had climbed to 10.1 percentage points. It should also be noted that current and future bailout commitments are causing investors to search for safe European assets outside of the stronger euro area nations, as evidenced by the negative spread between United Kingdom and German bonds in recent months (see chart).

In tangible terms, the sovereign debt crisis in Europe is forcing banks to reduce their lending and exposure to riskier loans. Due to the inverse relation between bond yield and price, as the yields on sovereign debts climb the market value of those bonds tend to fall. Consequently, European banks have seen a reduction in the value and quality of their assets. This is forcing banks to reduce lending to meet capital requirements, which has a real impact on investment and employment decisions of firms. As a result, Europe will be hard pressed to avoid even a modest recession in 2012.

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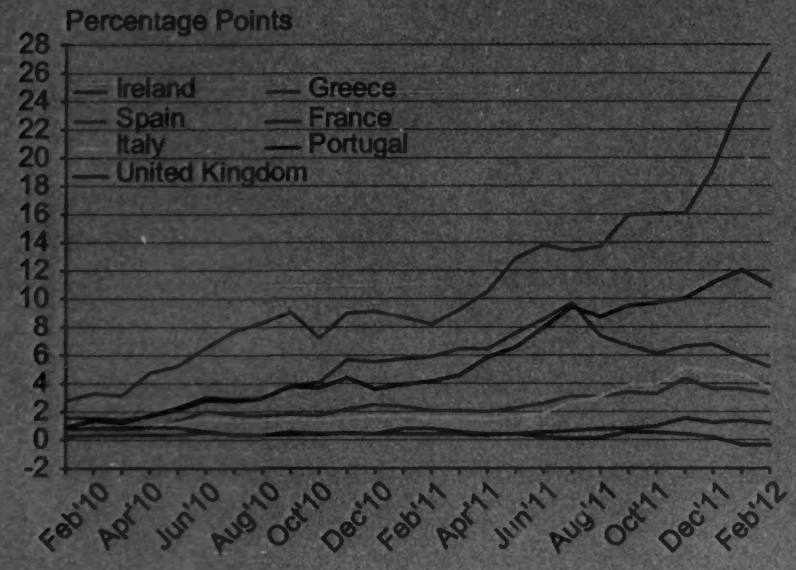

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Asia

Economic activity appeared to be slowing in both China and India in late 2011, however, GDP growth was still high. China reported its lowest GDP growth rate in over three years in the fourth quarter of 2011, but at 8.2% it remained markedly high and exceeded expectations. The story was similar in India; fourth quarter growth in 2011 was 7.4%, more than double the 3.6% third quarter growth but in line with growth in the first two quarters. Conversely, in Japan the economy rebounded in the third quarter of 2011 after being hit hard by natural disasters in March 2011, which curtailed growth and disrupted global supply gains. Third quarter growth was 7.0% at an annual rate, after three straight quarters of negative growth. Fourth quarter growth, though, was more in line with recent trends at -0.8%. The IMF is estimating GDP growth of 9.2% in China, 7.4% in India and -0.9% in Japan for 2011. The 2012 forecasts are for 8.2%, 7.0% and 1.7% growth, respectively.

United States

The U.S. economic recovery, after weakening at the beginning of the year, showed signs of resilience towards the end of 2011. Quarterly real GDP growth climbed from 0.4% in the first quarter of 2011 to 3.0% in the fourth quarter (see chart). For the year as a whole U.S. real GDP increased by 1.7%, led by gains in exports, investment and consumer spending. Declining government spending and growth in imports negatively impacted GDP growth.

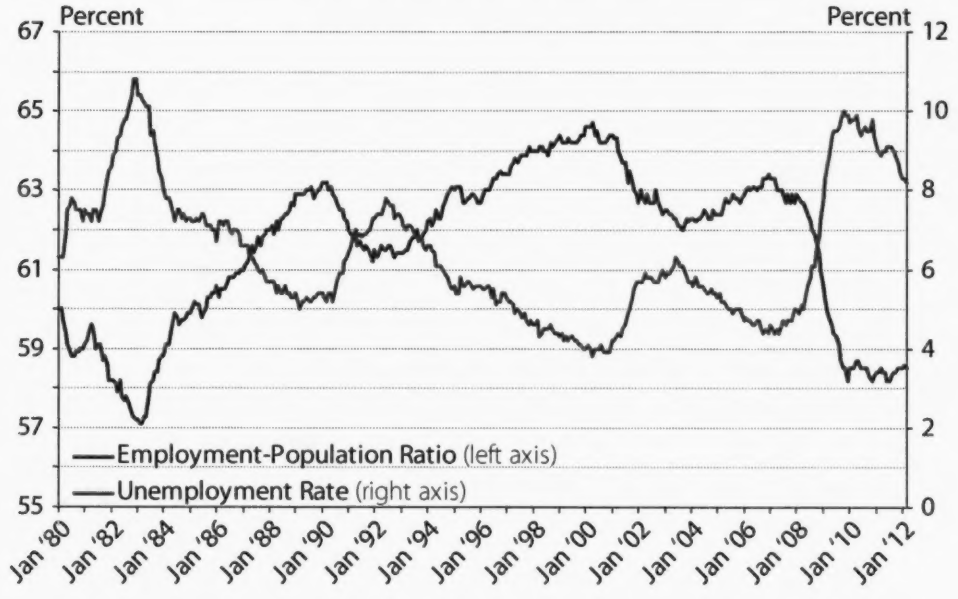
The employment situation showed signs of improvement throughout the year, with monthly employment gains averaging roughly 150,000 and the unemployment rate falling from 9.1% in January to 8.5% by the end of the year. As a result, 1.8 million jobs were created during the year and annual average employment increased by 1.2%. Yet, in spite of these improvements, other labour market indicators remain depressed, underlining the damage done during the 2007 to 2009 downturn. The participation rate in the U.S. has dropped to a level not seen since the mid-1980s, and recent improvements in the unemployment rate have not been met by corresponding improvements in the employment-population ratio (see chart). Additionally, both of these measures also remain at levels not seen since the mid-1980s.

The depressed labour market, political wrangling over fiscal and financial reform and growing concern over sovereign debt in Europe all combined to create high levels of uncertainty in the U.S. economy in the second half of last year. As a result, the economic recovery remains fragile, as evidenced by the Federal Reserve's announcement at the end of January 2012 (and reiteration in early March) that economic conditions will likely necessitate the central bank keeping interest rates low through late 2014. The Federal Reserve has had a target range of 0% to 0.25% on its federal funds rate since mid-December 2008, which has significantly contributed to

low interest rates across the U.S. economy (e.g. the yield on 10-year U.S. Treasuries, a benchmark for a large proportion of interest rates in the economy, has averaged 2.99% since December 2008 and was just over 2% as of the end of March 2012). These low interest rates, though, should help spur investment and spending as the recovery strengthens.

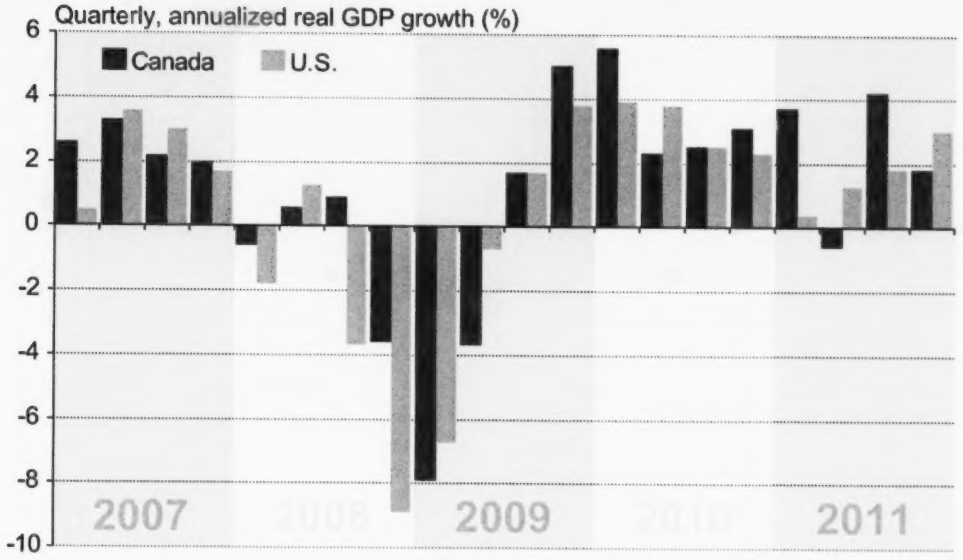
The Federal Reserve Bank of Philadelphia Survey of Professional Forecasters is projecting GDP growth of 2.3% and employment growth of 144,100 jobs per month in 2012.

U.S. Labour Market



Source: U.S. Bureau of Labor Statistics

Quarterly GDP Growth



Source: U.S. Bureau of Economic Analysis; Statistics Canada

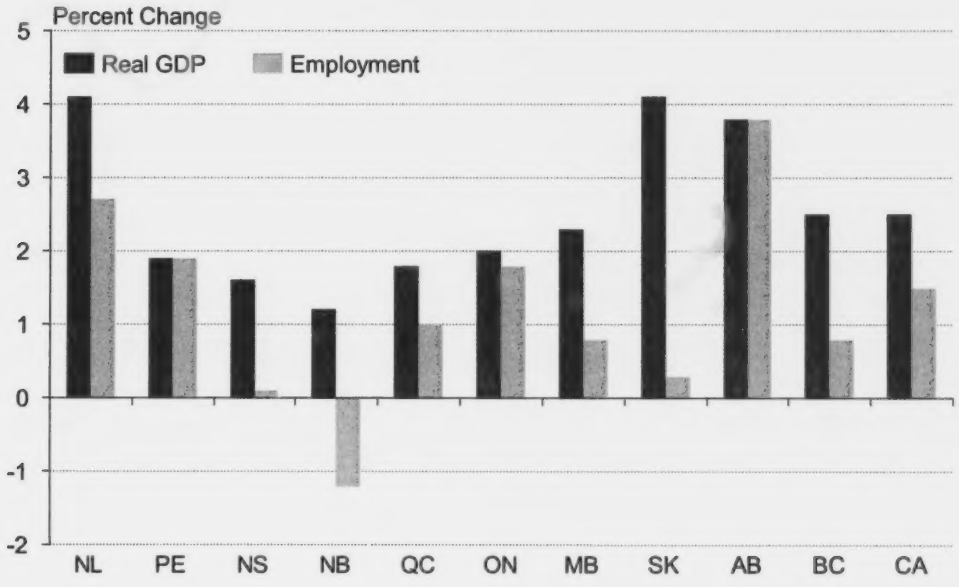
Canada

Canada's economy fared better than the U.S. and most European nations in 2011, benefitting from strong commodity demand from developing countries such as China and India. Despite an annualized decline in real GDP of 0.6% in the second quarter of the year, the economic recovery was relatively robust as quarterly, annualized real GDP growth was positive in the other three quarters, with a high of 4.2% in the third quarter (see chart). Overall, real GDP grew by 2.5% in 2011. Labour market improvements underscored the rally, as the unemployment rate fell from 7.7% in January to a 2011 low of 7.2% by September. Employment had returned to pre-recession highs by January 2011.

Although recovery in Canada, as a whole, was strong for the majority of 2011, different regions of the country had very different experiences. Provinces with large manufacturing sectors were impacted by the disruption in global supply chains stemming from the March earthquakes and tsunamis in Japan, particularly in the second quarter. The Conference Board of Canada estimates that almost all provinces experienced a slowdown in GDP growth during that quarter, with Quebec, Ontario, Alberta and New Brunswick actually experiencing contraction. Overall, the recovery has been strongest in resource-rich provinces (see chart). A survey of major forecasters estimates real GDP growth in the provinces was highest in Saskatchewan

and Newfoundland and Labrador (+4.1%), followed by Alberta (+3.8%). Growth was estimated to be lowest in New Brunswick (+1.2%) and to have averaged +2.0% across the remaining provinces. Employment numbers further reflect the diversity of provincial economic performance, as Newfoundland and Labrador and Alberta experienced both the largest declines in their unemployment rates (-1.7 percentage points and -1.0 percentage point, respectively) and the largest increases in employment (+2.7% and +3.8%, respectively) in 2011.

GDP and Employment Growth, 2011



Source: Statistics Canada; Consensus of the major banks and Conference Board of Canada

Risks to a sustained recovery still exist for Canada, the most pressing being possible direct and secondary effects from a recession in Europe. However, continued strong growth in developing markets and a recovering U.S. economy should continue to provide a buffer for the Canadian economy. As of April, an average of forecasts from major Canadian banks projects GDP growth of 2.2% in 2012.

Provincial Economic Overview

Economic conditions were robust in the province in 2011. Strong growth was recorded in GDP and most other economic indicators posted solid gains. In fact, among provinces Newfoundland and Labrador was one of the leaders in both real GDP and employment growth. The Department of Finance's estimate of real GDP growth for the province in 2011 is 4.3% (see table). Investment, largely related to the development of major projects, and increased mineral production at Voisey's Bay were the main factors behind economic expansion last year.

Total capital investment was $7.4 billion in 2011, a 21.9% increase over 2010. The major contributors to activity last year were Vale's nickel processing facility in Long Harbour, development of oil projects such as Hebron and the White Rose and Hibernia expansions, and the Iron Ore Company of Canada's (IOC) expansion program in Labrador City. These projects, combined with the continuation of government's infrastructure strategy, generated considerable direct employment and economic spin-offs throughout the province.

In addition to spending on major projects and public infrastructure, residential investment also contributed to the high levels of capital expenditure. Investment in the residential sector totalled $1.8 billion last year, up 3.9% from 2010 and buoyed by robust activity in renovations. Housing starts were down from 2010 but remained at high levels.

ECONOMIC INDICATORS

	2011e	2012f	2013f	2014f
GDP at Market Prices ($ M)	33,026	33,769	34,859	34,025
% Change	17.1	2.2	3.2	-2.4
% Change, real	4.3	0.1	4.1	-3.4
Final Domestic Demand* ($ M)	28,608	31,222	32,798	32,590
% Change	6.6	9.1	5.0	-0.6
% Change, real	4.7	6.1	2.7	-2.4
Personal Income ($ M)	18,469	19,463	20,467	21,283
% Change	6.3	5.4	5.2	4.0
% Change, real	2.8	3.1	3.0	1.7
Personal Disposable Income ($ M)	14,891	15,696	16,503	17,172
% Change	6.3	5.4	5.1	4.1
% Change, real	2.8	3.2	3.0	1.7
Retail Sales ($ M)	7,833	8,149	8,653	8,973
% Change	5.1	4.0	6.2	3.7
% Change, real	1.4	2.7	4.8	1.9
Consumer Price Index (2002=100)	121.4	124.0	126.6	129.5
% Change	3.4	2.2	2.1	2.3
Capital Investment ($ M)	7,376	9,598	10,345	9,302
% Change	21.9	30.1	7.8	-10.1
% Change, real	24.4	24.3	4.6	-11.0
Housing Starts (units)	3,488	3,371	3,363	3,176
% Change	-3.3	-3.4	-0.2	-5.5
Employment (000s)	225.4	229.4	233.4	234.3
% Change	2.7	1.8	1.7	0.4
Labour Force (000s)	258.0	261.5	264.6	265.6
% Change	0.7	1.4	1.2	0.4
Unemployment Rate (%)	12.7	12.3	11.8	11.8
Population (000s)	510.6	513.0	515.6	517.3
% Change	-0.1	0.5	0.5	0.3

* Final domestic demand measures demand in the local economy by summing consumption, investment and government expenditures; it excludes net exports.
e: estimate; f: forecast, Department of Finance, April 2012
Source: Statistics Canada; Department of Finance

ECONOMIC INDICATORS

	2011e	2012f	2013f	2014f
GDP at Market Prices ($ M)	33,026	33,769	34,859	34,025
% Change	17.1	2.2	3.2	-2.4
% Change, real	4.3	0.1	4.1	-3.4
Final Domestic Demand* ($ M)	28,608	31,222	32,798	32,590
% Change	6.6	9.1	5.0	-0.6
% Change, real	4.7	6.1	2.7	-2.4
Personal Income ($ M)	18,469	19,463	20,467	21,283
% Change	6.3	5.4	5.2	4.0
% Change, real	2.8	3.1	3.0	1.7
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% Change, real	2.8	3.2	3.0	1.7
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e: estimate; f: forecast, Department of Finance, April 2012
Source: Statistics Canada; Department of Finance

The construction industry benefitted significantly from this increase in investment, as evidenced by a 22.7% increase in construction industry employment. Construction employment in 2011 was the highest ever recorded. Other industries in the province also performed well last year. The mining industry benefitted from strong demand and high commodity prices; non-resident tourist numbers remained at high levels; the aquaculture industry continued to expand; the retail sector was supported by increased income; and transportation services were boosted by higher levels of economic activity.

Consumer spending also contributed to economic growth last year. Retail sales rose by 5.1% in 2011. Growth in retail sales was broad-based with most store types recording an increase in sales. Sales were particularly strong at gasoline stations due to higher prices. New motor vehicle sales—the value of which typically comprises about 12% of total retail sales—fell by 2.7% last year but remained at high levels. Car sales were at high levels throughout the province (see box). Continued solid levels of consumer confidence—the highest in Atlantic Canada—combined with employment and income growth supported increased consumer spending in the province.

The strength of the provincial economy is also evident in the robust growth in final domestic demand (FDD). Final domestic demand, which measures the demand for goods and services within the province by consumers, business and government, is estimated to have increased by 4.7%, in real terms, in 2011.

Total exports (in real terms) are estimated to have grown by 2.0% in 2011. A slight decline in oil production, due to production issues at Terra Nova and natural declines, was offset by higher mineral production. Oil production is estimated to have totalled 97.3 million barrels for the year, compared to 100.7 million barrels in 2010. Exports of mineral products increased by about 36% in real terms as production at the Voisey's Bay mine rebounded from strike-depressed levels in 2010.

Labour Markets

Strong growth in employment over the last two years has resulted in provincial employment levels recovering from the recession-related losses recorded in 2009, and reaching a record high of 225,400 in 2011. Newfoundland and Labrador recorded the second strongest growth in employment in the country in 2011, after only Alberta.

Employment growth is being driven by major project development activity and related spin-offs, continued increases in consumer spending, and strong public sector spending. Gains in employment led to a decline in the unemployment rate—the unemployment rate averaged 12.7% in 2011, 1.7 percentage points lower than 2010 and the lowest annual unemployment rate in 36 years.

PROVINCIAL CAR SALES

New car sales have increased significantly since 1997 in tandem with improving economic conditions. Annual sales reached an all-time high of 31,669 units in 2010 and remained near historically high levels last year. Current administrative data from 2004 to 2011 indicates that all areas of the province have benefitted from this increase in activity. In all economic zones (see map on page 93) car sales reached a recent high during the 2008 to 2011 period.

New Vehicle Sales by Economic Zone

	2011 Level	% Change 2004-2011	Peak Year
1. Nunatsiavut Government	25	257.1%	2011
2. Hyron	1,108	120.7%	2011
3. Central Labrador	492	51.9%	2008
4. Southeastern Aurora	77	26.2%	2010
5. Labrador Straits	140	70.7%	2010
6. Nordic	506	2.8%	2010
7. Red Ochre	487	23.3%	2010
8. Humber	2,435	34.5%	2010
9. Long Range	893	50.1%	2010
10. Marine and Mountain	550	79.7%	2010
11. Emerald	695	31.1%	2008
12. Exploits Valley	1,220	49.7%	2008
13. Coast of Bays	367	68.3%	2008
14. Kittiwake	2,297	25.1%	2010
15. Discovery	1,561	21.9%	2008
16. Schooner	1,003	38.9%	2008
17. Mariner	1,997	34.0%	2008
18. Avalon Gateway	335	55.8%	2010
19. Northeast Avalon	14,275	29.9%	2010
20. Irish Loop	487	51.7%	2010

Note: Data in table will not add to provincial total referenced previously. The provincial total is a Statistics Canada number while the zone data is derived from motor vehicle registrations.
Source: Service NL; Department of Finance

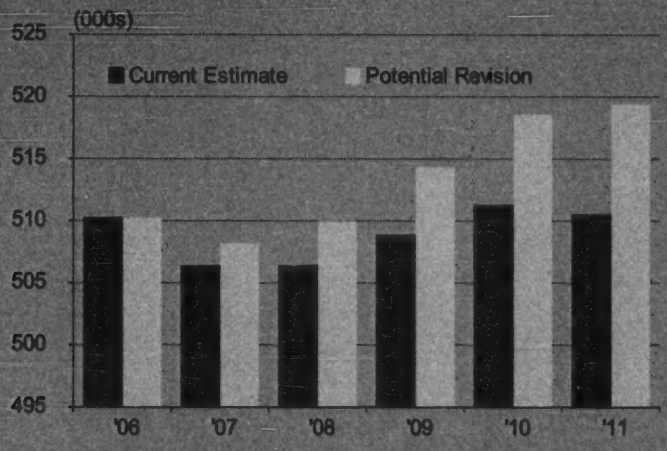
CENSUS AND POPULATION

Comparison of Population Estimates and Census Counts

	Population Estimates	Census Counts
2006	510,313	505,469
2011	510,578	514,536
Actual change	+265	+9,067
Percent change	+0.1%	+1.8%

Source: Statistics Canada

Total Population



Source: Statistics Canada; Department of Finance

On February 8, 2012 Statistics Canada released the 2011 Census population counts indicating that since 2006 the population of the province increased by 1.8%. This result implies a greater increase than the 0.1% gain reflected in Statistics Canada's current population estimates that are prepared on a quarterly basis. This is expected to result in an upward revision to population estimates for the past five years.

The quarterly population estimates, prepared by Statistics Canada's Demography Division, are the "official" population estimates and are used to determine provincial entitlements from federal transfer programs such as the Canada Health Transfer. They are also used by Statistics Canada to produce survey estimates for a range of important social and economic data (e.g. Labour Force Survey).

The Census, which is conducted once every five years, is an important tool for computing the "official" population estimates. Before this can occur, several adjustments are made to the Census figures, in particular accounting for people missed during Census enumeration.

The current 2007 to 2011 official population estimates are based on the 2006 Census. These population estimates are scheduled to be revised in September 2013 to take into account the 2011 Census results. The expectation is that the 2011 Census estimate will result in an upward revision in the "official" population estimates from 2007 to 2011 (see chart). The revised population estimate for 2011 could be almost 9,000 higher than the current estimate of 510,578 if adjustments to the population estimates follow past trends.

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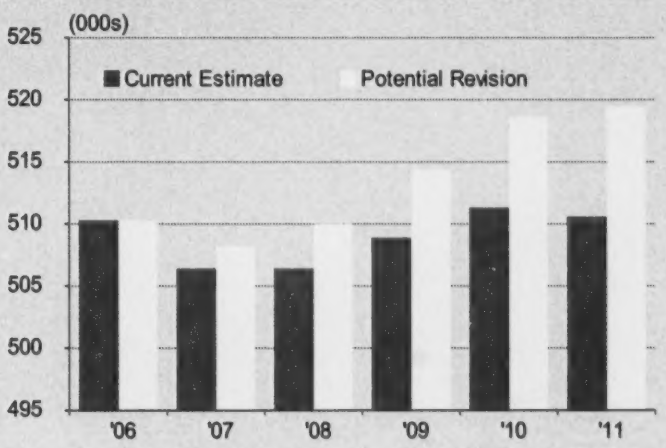

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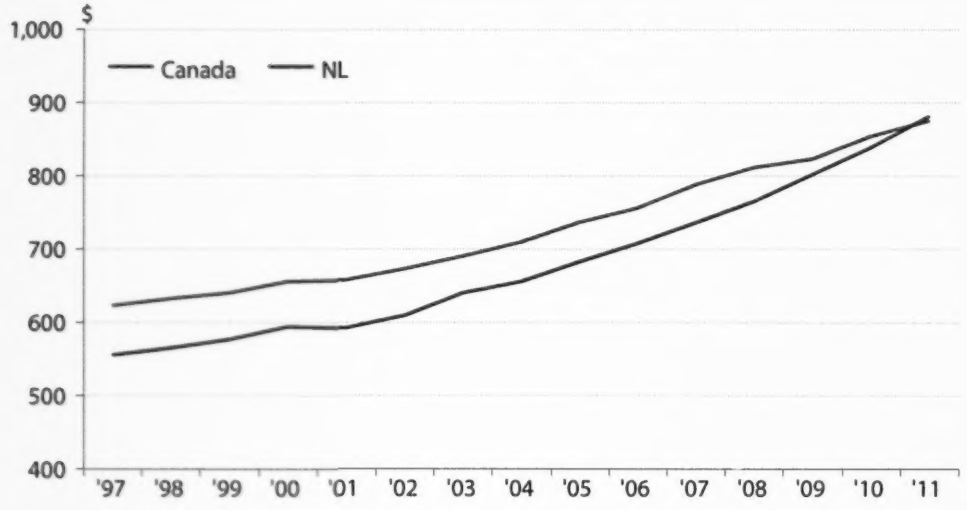
Labour market strength was also evidenced by rising wage rates. Average weekly earnings increased by 5.1% in 2011 compared to 2010. Gains in employment and wages led to a 7.5% increase in labour income last year. Total personal income increased by 6.3%.

The strength in wages, and subsequently income, in 2011 is the continuation of a trend that has been ongoing for a decade. Since 2001, average weekly wages increased by almost 50% or about 4% per year, well ahead of inflation which averaged about 2% per year over the period. Furthermore, average weekly wages in the province have been growing faster than the Canadian average and in 2011, Newfoundland and Labrador's average weekly wage was the third highest in the country and above the national average (see chart). The gains in wages have resulted in substantial increases in the economic well-being of residents of the province. The index of economic well-being[1] produced by the Centre for the Study of Living Standards indicates that economic well-being in Newfoundland and Labrador increased the fastest in the country (40%) from 2001 to 2010 and in 2010 was the second highest in the country behind only Alberta.

Average Weekly Wages



Source: Statistics Canada

1 The Index of Economic Well-being is a composite index for measuring economic well-being comprised of four domains of economic welfare: per-capita consumption, per-capita wealth, economic equality and economic security. The index is available only to 2010.

Prices

The Consumer Price Index (CPI) was 3.4% higher in 2011 compared to 2010. The increase in the CPI was largely driven by higher energy prices—the energy price index increased by 13.2%. Higher energy costs resulted in increases in the shelter (affected by home heating fuel) and transportation (affected by gasoline) components of the CPI. The "all-items excluding energy" index rose more moderately (+2.0%). Food prices also exerted upward pressure on the CPI last year. The food index increased by 3.6% in 2011.

Population

Expansion in the economy and increasing employment have served to stabilize the province's population. Prior to 2009, the population had declined for 16 consecutive years because of high levels of out-migration. This trend ended in 2009 with the population increasing because of net in-migration; another increase occurred in 2010. However, migration, and subsequently population, is impacted not only by the strength in the local economy but also by labour market demand elsewhere, particularly Alberta. This was the case last year. Preliminary data released by Statistics Canada indicates that the population of the province on July 1, 2011 was 510,578, down 0.1% from one year earlier. This decline was due to net out-migration. Readers should note that population estimates for 2007 to 2011 are expected to be revised upwards in the future as discussed on page 19.

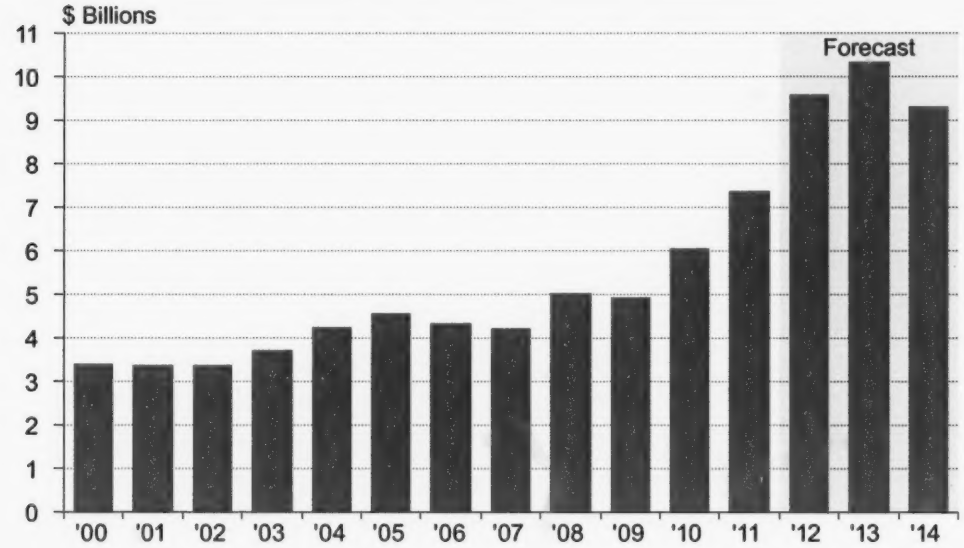
Outlook

Economic growth—as measured by real GDP—is expected to increase by a modest 0.1% in 2012 as growth is constrained by lower oil production. However, growth in final domestic demand is expected to continue to be robust, buoyed by higher levels of investment on major projects and reflecting the underlying strength in the economy. Construction activity on Vale's nickel processing facility in Long Harbour is expected to peak this year and the Hebron and Muskrat Falls developments are expected to ramp up, resulting in a further increase in investment expenditures. Strong domestic demand is expected to be evident in solid growth in other economic indicators. Both employment and personal income are expected to post solid gains. Increased employment and income, combined with high levels of consumer confidence, will bolster consumer spending. Population is expected to increase in 2012 as job openings and continued optimism regarding the strength of the economy result in net in-migration.

Economic growth is expected to continue to be strong in 2013 with sustained high levels of investment (see chart) related to major project development. In addition, real GDP will get a boost from a rebound in oil production. Employment and income are

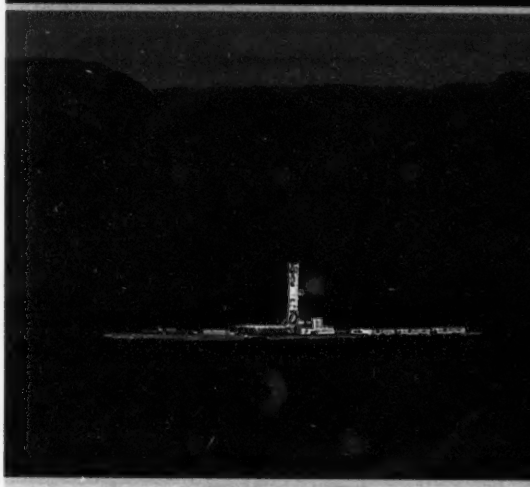
forecast to post further gains and solid economic conditions are expected to support continued in-migration and an increase in population. Economic activity is forecast to slow in 2014 as investment is expected to decline due to the completion of Vale's nickel processing facility in 2013. The investment profile, and consequently other economic indicators, is influenced significantly by major project timelines. Changes in the timing of the development of major projects or the announcement of other projects (e.g. IOC's Project Genesis) could alter this economic outlook significantly.

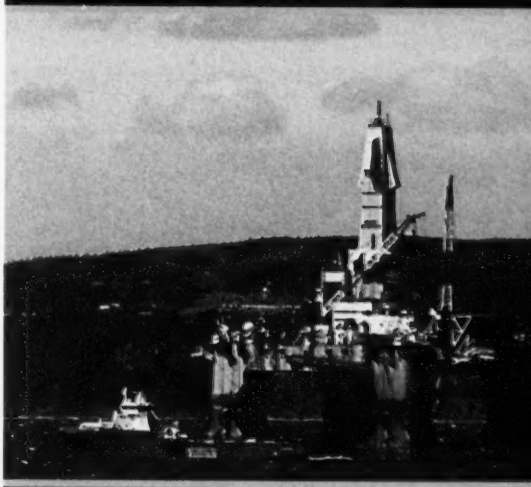
Capital Investment

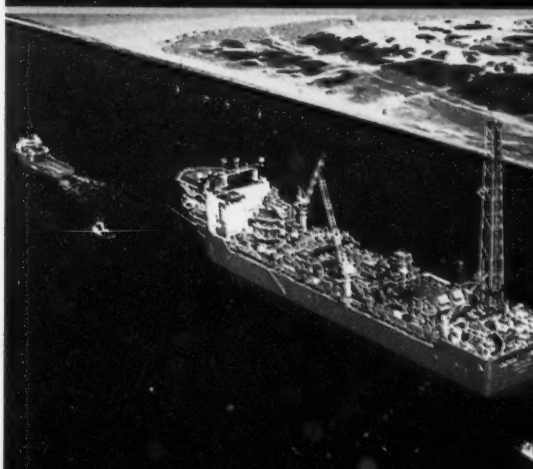


Source: Statistics Canada; Department of Finance

Oil and Gas







Oil and gas is the largest contributor to provincial GDP on an industry basis. Currently, Newfoundland and Labrador is home to three active offshore oil projects: Hibernia, Terra Nova and White Rose. First oil from a fourth major project (Hebron)—estimated to contain the second largest reserves in the province's history—is expected in 2017. Industry is also continuing to drill additional wells (e.g. Hibernia South Extension, North Amethyst and West White Rose) associated with existing projects and fund exploration efforts to discover new resources.

Between 1997—when first oil from Hibernia occurred—and 2010 provincial real GDP grew by 58.8%. It is estimated that almost half of this growth was directly attributable to oil and gas production. The growth of the oil and gas industry has been driven by large infusions of investment, representing 29.0% of total capital expenditures in the province since 1997. In 2010, oil production accounted for approximately 30% of the province's nominal GDP and 19.2% of investment.

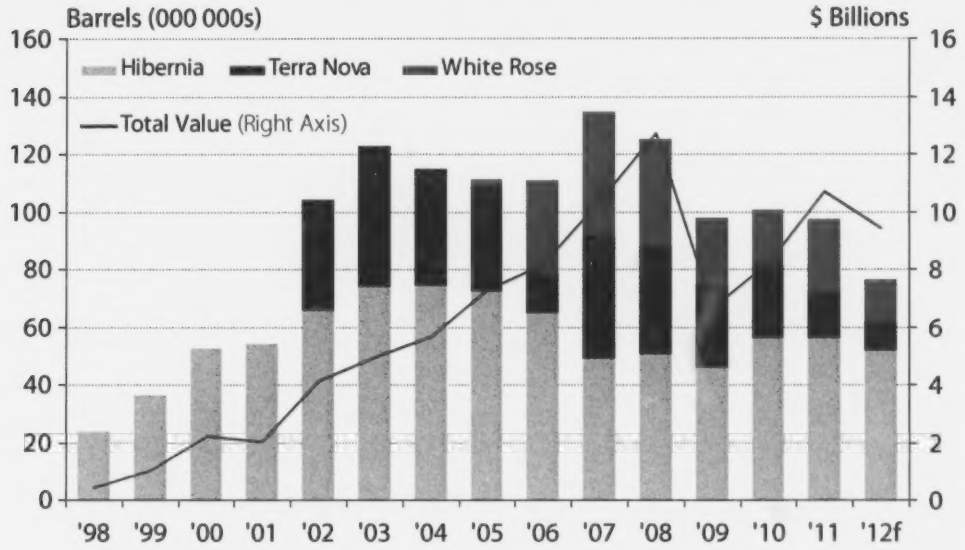
Oil Production

Oil production decreased to 97.3 million barrels in 2011, compared to 100.7 million in 2010, representing a 3.4% decline. The main factor contributing to the decline in 2011 was maintenance work and well shut-ins at Terra Nova to deal with the presence of hydrogen sulphide (sour gas).[2] Cumulative oil production since 1997 totalled 1.3 billion barrels as of December 31, 2011.

2 Sour gas is a toxic, naturally occurring gas in oil and gas geological structures. It can cause stress cracking in industry equipment.

The value of oil production is estimated to have increased by 30.0% to $10.7 billion in 2011 as a result of higher crude prices (see chart). The price of Brent crude oil, a benchmark for Newfoundland and Labrador oil, averaged US$111.26/barrel in 2011, compared to US$79.61/barrel in 2010. The increase reflected improving global economic conditions and supply pressures associated with Middle East unrest.

Offshore Oil Production



f: forecast
Source: Canada-Newfoundland and Labrador Offshore Petroleum Board; Department of Finance

Hibernia

The Hibernia field, consisting of the Hibernia and Ben Nevis/Avalon reservoirs, is among the largest oilfields ever found in Canada. With estimated recoverable reserves[3] of 1.4 billion barrels (including oil already extracted), Hibernia boasts the largest reserves of Newfoundland and Labrador's three active projects. Operated by the Hibernia Management and Development Company Ltd. (HMDC) and located in the Jeanne d'Arc Basin 315 kilometres (km) southeast of St. John's (see map), it has been producing oil since late 1997 using a gravity based structure (GBS).

Oil production at Hibernia was 56.3 million barrels in 2011, virtually unchanged from the previous year. Although there was minimal change in production, significant milestones were reached at Hibernia last year. Most importantly, first oil from the Hibernia South Extension Unit (HSE Unit) occurred on June 23, 2011 and production from a second HSE Unit oil producer commenced in September 2011.

3 Recoverable reserves in this usage refers to proven and probable reserves as defined by the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB).

The HSE Unit is part of the larger Hibernia South Extension, which also includes the AA Blocks that came online in late 2009. The Hibernia South Extension has estimated recoverable reserves of 215 million barrels, which will extend the life of the Hibernia project by 5-10 years. Approximately 23.7 million barrels of these reserves were extracted by the end of 2011, including 15.3 million barrels in 2011.

Cumulative Hibernia production from November 17, 1997 to December 31, 2011 was 779.3 million barrels, representing 55.9% of total estimated recoverable reserves.

Terra Nova

The Terra Nova field was the second Newfoundland and Labrador offshore project to commence production, delivering first oil in January 2002. The field, located just southeast of the Hibernia project, is operated by Suncor Energy Inc. using a floating production, storage and offloading unit (*Terra Nova FPSO*). Terra Nova is the second largest producing project in Newfoundland and Labrador's offshore area with an estimated 419 million barrels of recoverable reserves.

The Terra Nova project produced 15.7 million barrels of oil in 2011, a decline of 9.2 million barrels (or 36.9%) over the previous year. Production, while anticipated to be lower than 2010 due to natural declines, was impeded throughout the year by the discovery of sour gas in two producing wells in late 2010. Subsequently these two wells had to be shut in, as well as two additional wells because of flowline linkages to the wells containing sour gas. The shut-in of these four wells led to deferred production equivalent to 23,000 barrels per day.

The production loss at Terra Nova was mitigated somewhat by Suncor re-entering a well in the East Flank region of the field, bringing another production well online (producing approximately 18,000 barrels per day). The company also deferred repairs to the water injection swivel on the *Terra Nova FPSO* to 2012. This repair work, which is planned for Marystown, was first identified in 2006 and had been contemplated for 2011. The maintenance turnaround will also include work to replace flowlines and risers in order to resolve the sour gas problems. In total the maintenance shutdown is estimated to take 21 weeks in 2012, which will have a significant impact on production.

From January 20, 2002 to December 31, 2011 cumulative production at Terra Nova was 327.1 million barrels, representing 78.1% of estimated recoverable reserves. These reserves are currently expected to be fully depleted by 2020.

White Rose (including North Amethyst)

White Rose is the most recent offshore area in the province to be brought into production. The White Rose oilfield and satellite expansions, operated by Husky Energy Inc., are located in the Jeanne d'Arc Basin east of the Hibernia platform. First oil from the South Avalon Pool was produced in November 2005 via use of the *SeaRose FPSO*. Including already extracted oil, recoverable reserves in the White Rose and White Rose Expansion fields (North Amethyst, West White Rose and South White Rose Extension) are estimated at 337 million barrels of oil. Cumulative production at White Rose was 181.7 million barrels as of December 31, 2011, or 53.9% of recoverable reserves.

North Amethyst is the first satellite field development at White Rose and was brought into production on May 31, 2010, less than four years after discovery. It is the first subsea tie-back project in Canada.

September 2011 marked first oil from a second satellite field via the West White Rose pilot producing well, which is currently undergoing flow tests. This pilot production well, along with a pilot water injection well, will give Husky further information on the feasibility of developing the entire West White Rose resource. The West White Rose area is considered to be the most complex, and potentially the largest, of the White Rose expansions. The South White Rose Extension, the smallest of the tie-back developments (24 million barrels in estimated reserves), received regulatory approval in 2007. Husky has not sanctioned investment in the project up to this point.

The White Rose project, including output from the North Amethyst field, produced 25.2 million barrels of oil in 2011, up 5.8 million barrels (or 29.7%) from the previous year. Production was higher as a result of the first full year of production from the North Amethyst field.

The *SeaRose FPSO* is scheduled for repairs in Northern Ireland during an 18-week maintenance shutdown in 2012, which will significantly curtail production this year. The *SeaRose FPSO* is expected back into service in late August.

On October 14, 2011 Husky issued an expression of interest for front end engineering and design (FEED) associated with the development and implementation of a concrete gravity structure wellhead platform (WHP). Where feasible, a WHP would replace the requirement for mobile drilling units for incremental drilling at the White Rose project. It could potentially provide Husky with fewer well interventions and less weather-associated downtime, as well as lower operating costs and a higher resource recovery rate. A decision from Husky on the implementation of a WHP has not been made but is expected some time in 2012. Awarding of the FEED contract could occur in the first quarter of 2012, as well as filing of a project description with C-NLOPB.

Hebron

The Hebron field, discovered in 1981, will be Newfoundland and Labrador's fourth stand-alone offshore oil project. Located just to the northwest of the Terra Nova project in the Jeanne d'Arc Basin (see map), Hebron is estimated by the consortium to contain 660-1,005 million barrels of reserves, which would make it the second largest project after Hibernia. Like Hibernia, Hebron will be developed using a GBS, but on a smaller scale. Development activities have been ongoing since 2008, when the province signed the final agreement with the Hebron consortium to develop the oilfield. Based on the current project schedule, first oil is expected in the second quarter of 2017 (see project timeline on page 28).

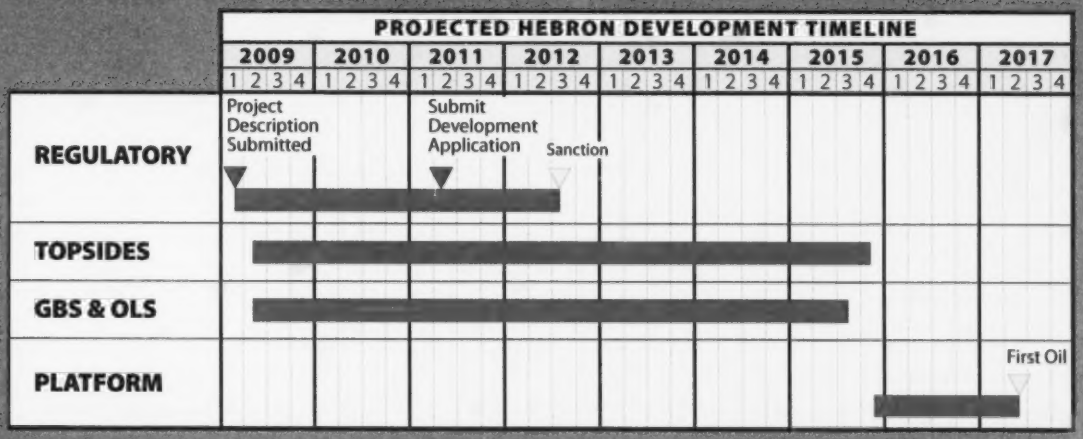
The province, through Nalcor Energy, purchased a 4.9% equity stake in the Hebron project at a cost of $110 million. It will pay a proportional share of project costs and receive a corresponding share of production. The remaining Hebron consortium participants include ExxonMobil Canada Properties (36.0%), Chevron Canada Limited (26.7%), Suncor Energy Inc. (22.7%) and Statoil Canada Ltd. (9.7%).

On April 15, 2011 ExxonMobil, on behalf of the Hebron consortium, submitted the Hebron Development Application, including the Benefits Plan and revised Environmental Comprehensive Study Report, to the C-NLOPB. Following a completeness review by the Board, the development plan was referred to public review commissioner Miller Ayre on August 25, 2011. On February 28, 2012 Ayre delivered his report to the C-NLOPB and the federal and provincial ministers of Natural Resources recommending the project be sanctioned, but making 64 recommendations to "increase the value of the Hebron project to both the province and the country." The Canadian Environmental Assessment Agency has already completed its review and declared that the project "is not likely to cause significant adverse environmental effects."

Construction of the Hebron GBS and topside modules is scheduled to commence in 2012. GBS construction will occur primarily at the Bull Arm fabrication facility and is expected to create 4.1 million person hours of employment in the province. Some of the construction work on the topsides is expected to take place at the Kiewit facility in Marystown, however the bulk of topsides construction will likely take place outside the province.

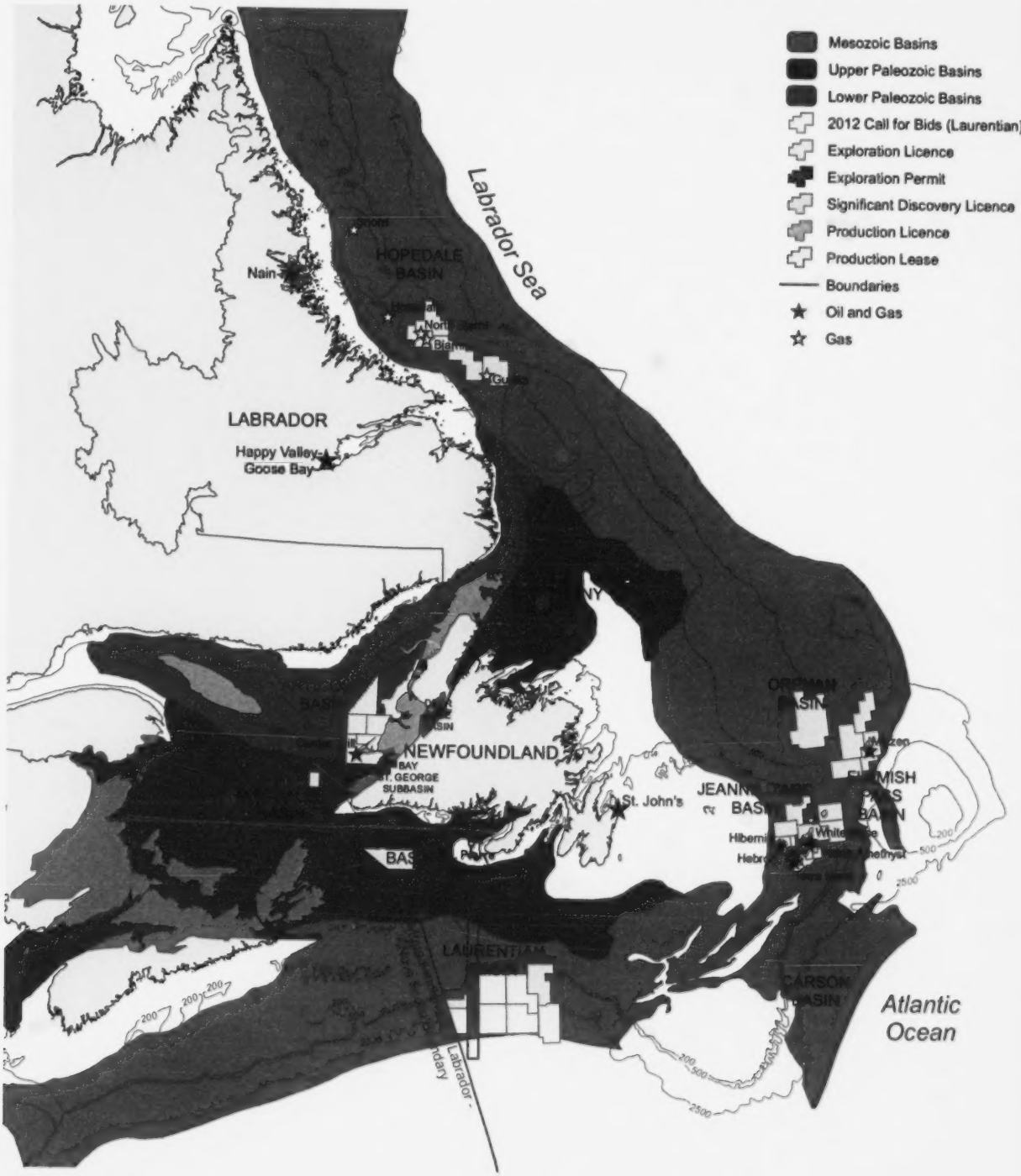
HEBRON DEVELOPMENT

Rendition of Hebron GBS
Source: ExxonMobil Canada



Note: GBS - Gravity Based Structure; OLS - Offshore Loading System
Source: Hebron Project Development Application; Department of Finance

OFFSHORE EXPLORATION BASINS



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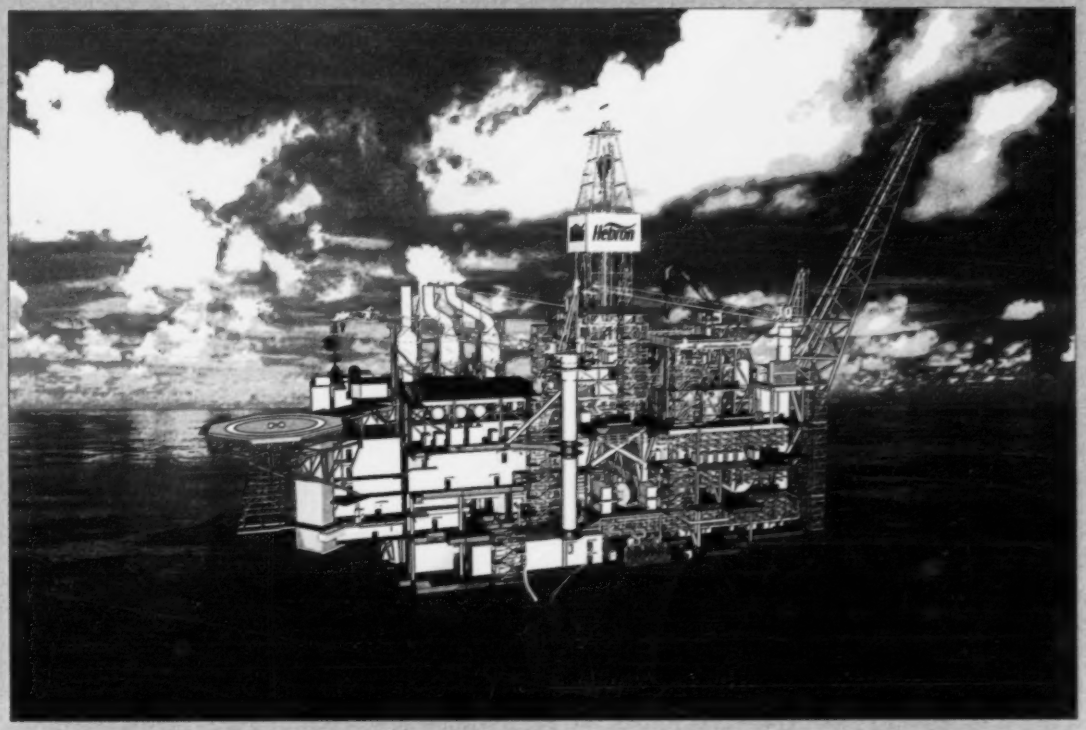

Rendition of Hebron GBS
Source: ExxonMobil Canada

PROJECTED HEBRON DEVELOPMENT TIMELINE

	2009	2010	2011	2012	2013	2014	2015	2016	2017
	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4	1 2 3 4
REGULATORY	Project Description Submitted		Submit Development Application	Sanction					
TOPSIDES									
GBS & OLS									
PLATFORM									First Oil

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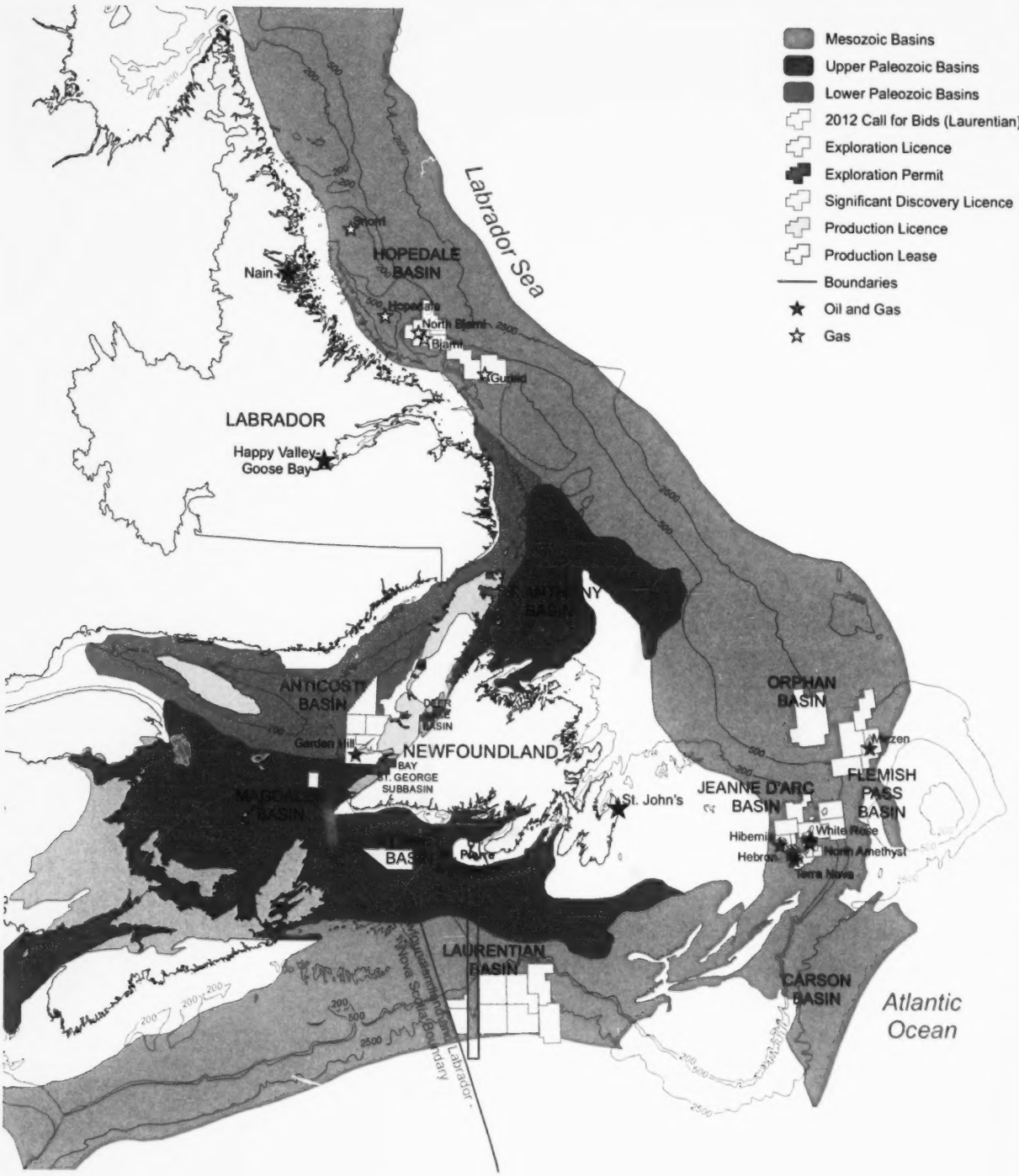

Exploration

Offshore

Exploration and delineation drilling activity continued in 2011. The drilling rig *Henry Goodrich* was especially active. Under the operation of Suncor, it completed work at Ballicatters M-96Z in the Jeanne d'Arc Basin, which the company confirmed produced a hydrocarbon discovery. The *Henry Goodrich*, under the operation of Statoil, also spudded the delineation well Mizzen F-09 in the Flemish Pass on July 29, 2011 and the exploration well Fiddlehead D-83 in the Jeanne d'Arc Basin on October 4, 2011. Drilling on the Fiddlehead D-83 well was completed in November 2011.

Off the west coast of Newfoundland, Shoal Point Energy drilled the exploration well Shoal Point 3K-39. The company announced on January 17, 2012 that cased hole operations are continuing.

Corridor Resources Inc. holds an exploration licence on the subsea geological structure off the western coast of Newfoundland known as Old Harry. In February 2011 the company filed a project description with the C-NLOPB with respect to a proposed exploration drilling program. An independent review of Corridor's environmental assessment of the drilling program is on hold pending completion of the updating of C-NLOPB's Strategic Environmental Assessment of the Western Newfoundland and Labrador Offshore Area, expected to be completed in early 2013.

Significant seismic surveying also took place last year. Chevron completed a fine grid 2-D survey in the Northern Grand Banks and Flemish Pass on August 15, 2011 and Statoil completed a combination 2-D and 3-D survey project in the Flemish Pass on September 1, 2011. Nalcor is investing $6 million in a multi-client 2-D seismic survey, focusing primarily on offshore Labrador. The survey is being conducted by Multi Klient Invest (a joint venture of Norwegian companies Petroleum Geo-Science and TGS NOPEC Geophysical Company) using the survey vessel *Sanco Spirit*. Work commenced in September 2011 and as of October 25, 2011 the company had completed 5,144 line kms of surveying.

In terms of new offshore areas available to industry for exploration and development, the C-NLOPB announced winning bids for the 2011 licence auction on November 16, 2011. The areas up for auction comprised 1,599,295 hectares over eight parcels. In the Western Offshore Region two parcels were won by Ptarmigan Energy Inc.; in the Flemish Pass/North Central Ridge area two parcels were won by a consortium of Statoil, Chevron and Repsol E&P Canada Ltd.; and in the Labrador Offshore Region there were no bids received for the four parcels. The four successful bids totalled $349.8 million in work commitments, the second highest single-year bid total since 1988—the highest total was $672.7 million in 2003.

Exploration activity looks to remain strong moving forward. Chevron, Statoil and Repsol will team up to drill exploration wells in both the Orphan Basin and Flemish Pass in

2012. In the Orphan Basin Chevron will operate with a 65% stake, while Repsol and Statoil will take stakes of 20% and 15% respectively. In the Flemish Pass, Statoil will operate two exploration licences with a 50% stake, while Chevron and Repsol will take stakes of 40% and 10% respectively. These three companies also have plans for 3-D seismic surveys of the Flemish Pass parcels they successfully bid on at the end of 2011. Statoil also has plans of its own for exploration drilling in 2012, which could see the company participating in up to four wells in the region. Off the west coast of Newfoundland, Shoal Point acquired a 100% stake from NWest Energy in a parcel encompassing the opening to the Bay of Islands and the ocean area just west of this location. This adds to the already extensive holdings of Shoal Point off the west coast. The company has until January 15, 2014 to spud an exploration well in the newly acquired licence area.

As of March 1, 2012 there were 33 active exploration licences, 54 active significant discovery licences and 10 active production licences in the province's offshore area.

Onshore

In June 2011, Vulcan Minerals announced plans for a drilling program with regards to the Journois location in its Flat Bay interests. These plans originally included a shallow coring program of 3-5 test holes and the drilling of a 1,000-metre well. The shallow coring program, which commenced on September 27, 2011, has been completed and ultimately included six test holes and wells. The results are currently being analyzed to help develop a pilot project and well location to extract oil from the Flat Bay pool.

OIL and GAS

Oil production is expected to decline 21.3% to 76.6 million barrels due to reduced production at all three projects.

- Hibernia (including AA Blocks and HSE Unit) is expected to produce 51.8 million barrels, 4.5 million barrels less than 2011.
- Terra Nova is expected to produce 10.5 million barrels, 5.2 million barrels less than 2011 due to natural declines and a 21-week maintenance shutdown.
- White Rose (including North Amethyst and West White Rose) is expected to produce 14.2 million barrels, 11.0 million barrels less than 2011 due primarily to a 18-week maintenance shutdown.

Annual average crude oil prices are expected to increase by approximately 11% over 2011 levels. Brent crude is expected to average US$123.45/barrel.

Capital expenditures are expected to be about $2.7 billion in 2012, up roughly 46% from 2011, due primarily to work to advance the Hebron project.

Construction of the Hebron GBS is scheduled to commence, primarily at the Bull Arm fabrication facility.

Construction of Hebron modules is expected to commence; some work is expected to occur at Marystown.

Several companies will be pursuing exploration and development opportunities in the offshore area in 2012.

C-NLOPB is soliciting bids on six parcels in the Laurentian Basin and on one parcel in the Flemish Pass.

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Mining

The mining industry posted a strong performance in 2011. Prices were high as demand from developing countries, especially China, remained robust. High prices supported production increases—new mines began production; further expansion plans were announced; and mineral exploration was at record levels.

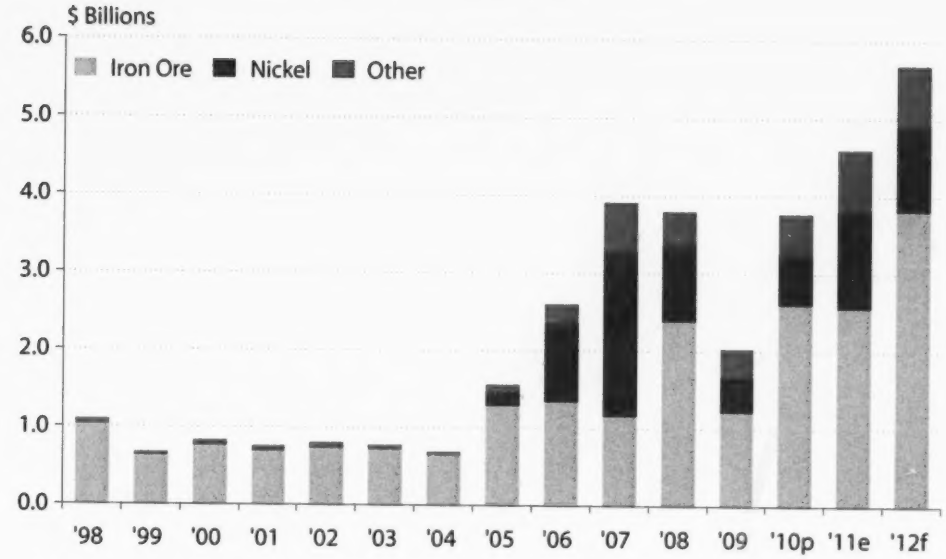
The value of mineral shipments totalled about $4.6 billion in 2011 (see chart), reflecting both higher production and prices. This represents an increase of 22% from 2010 and the highest value on record. Exploration expenditures increased over 60%, mainly due to various iron ore and gold projects. Total mining-related employment (including employment associated with construction and development activities at Vale's nickel processing facility) was about 6,800 person years, the highest level in over three decades.

Market Conditions

Demand for mineral products was robust for much of 2011. Steel production in China continued to flourish, supporting demand and prices for iron ore. Some slippage in prices occurred in the last few months of the year, reflecting slower growth in China and the European sovereign debt crisis.

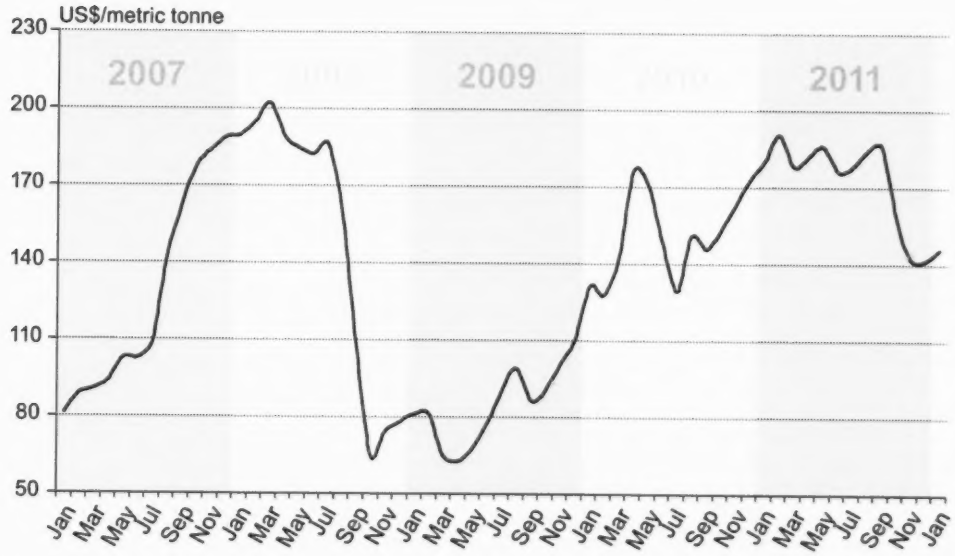
Average iron ore spot prices for 2011 rose 15%-25% over the previous year (see chart). Market volatility caused some iron ore producers to shift from quarterly prices to monthly prices and others are expected to follow.

Mineral Shipments



p: preliminary; e: estimate; f: forecast
Source: Department of Natural Resources; Natural Resources Canada

Iron Ore Monthly Spot Prices



Note: Indian Ore 63.5% Fe, dry basis, delivered to Chinese Northern Ports
Source: The AME Group

IRON ORE PROJECTS

LABRADOR

PRODUCING MINES

Iron Ore Company of Canada (IOC) - In phase 2 of expansion program; Project Genesis under consideration (*Carol Lake*)

Wabush Mines - Continuing its manganese separation project (*Scully Mine*)

Labrador Iron Mines Holdings Limited (LIM) - Began operations in April 2011; first shipment in October 2011 (*DSO Project*)

DEVELOPING PROJECTS

Tata Steel Minerals Canada Ltd. - Site clearing and construction of a work camp underway (*Elross Lake*)

Alderon Iron Ore Corp. - Completed a pre-feasibility study on one of three deposits (*Kami*)

ADVANCED EXPLORATION

Tata Steel Global Minerals Holdings Pte Ltd. / New Millennium Iron Corp. - Undertaking a $50 million feasibility study on several large taconite deposits (*LabMag*)

New Millennium Iron Corp. - Early stage drilling along trend from LabMag Project (*Perault Lake*)

Century Iron Mines Corporation / Champion Minerals Inc. - Favourable assay results from its drilling program (*Attikamagen*)

Cap-Ex Ventures Ltd. - Second high grade magnetite zone discovered (*Block 103*)

Century Iron Mines Corporation / Altius Resources Inc. - Exploration begins on a new joint venture (*Astray/Grenville*)

NL Government - Completed a field and research program in preparation for a new resource estimate (*Julienne Lake*)

Grand River Ironsands/Petmin Limited/Cardero Resource Corporation Ltd. - Announced a new investment of up to $25 million in the project in 2011 (*Churchill River*)

In 2011, nickel and copper prices also rose substantially over 2010 levels. Nickel prices increased about 5% and copper prices increased about 17%. Prices reached an annual average of US$10.38/pound for nickel and US$4.00/pound for copper.

Iron Ore

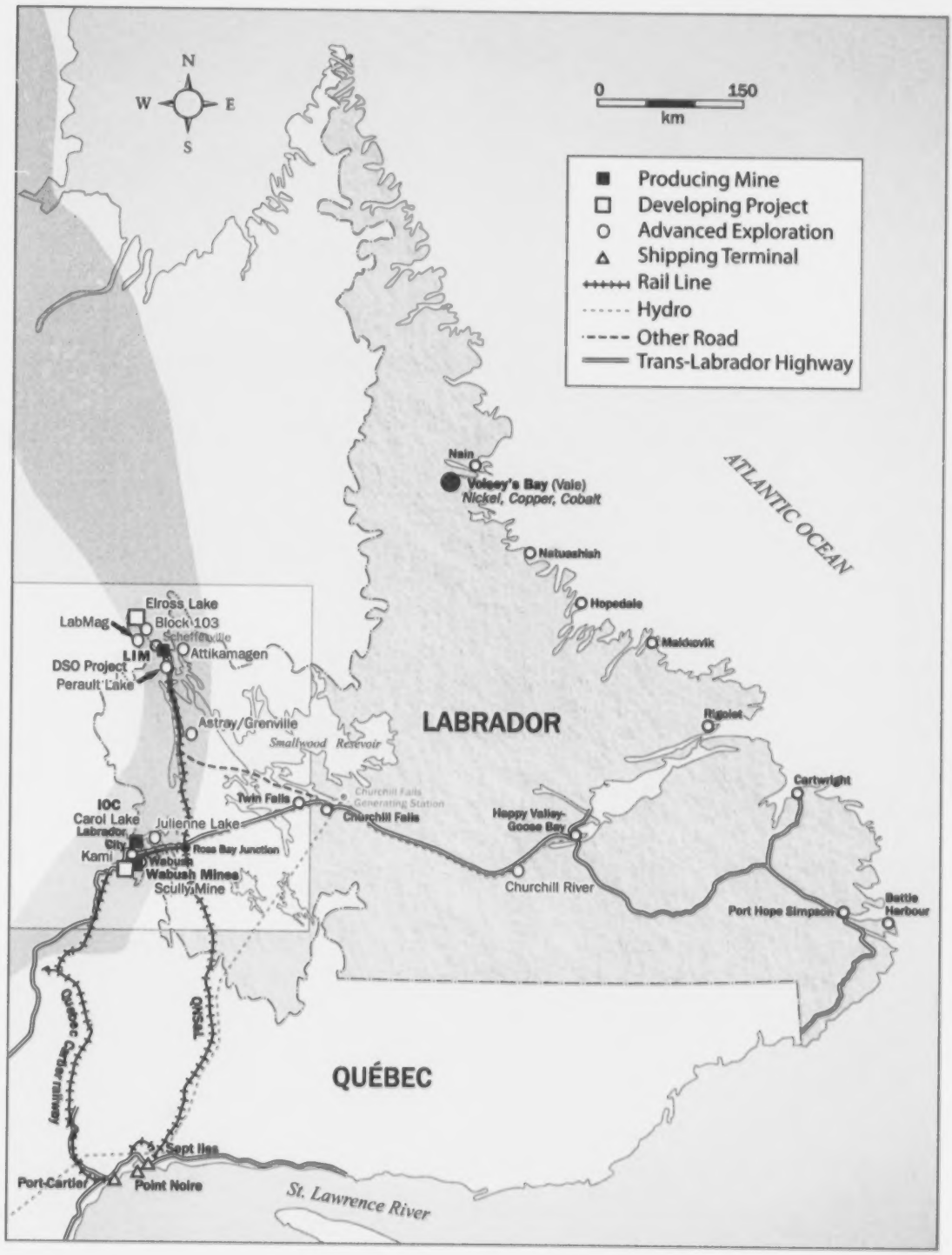
Iron ore shipments from the province's three producing operations totalled about 17 million tonnes in 2011, a decrease of 11.6% relative to 2010, due to declines in production at the Iron Ore Company of Canada (IOC) and Wabush Mines. The value of shipments also fell slightly.

Iron Ore Company of Canada

Total production from IOC declined in 2011 as the company encountered equipment problems and weather related operating problems in the winter months. However, these issues were resolved as the year progressed. Pellet and concentrate sales were 13.2 million tonnes in 2011, compared to 15.3 million tonnes in 2010. Employment in 2011 was approximately 1,600 person years.

IOC's Concentrator Expansion Project (CEP) continues to progress. Construction of Phase 1 is complete and commissioning began in the first quarter of 2012. This phase will increase production capacity from 18 million tonnes to 22 million tonnes. Construction of Phase 2 is expected to be completed by the end of 2012 and commissioning is slated for the first quarter of 2013. This phase is expected to increase capacity further to 23.2 million tonnes. The CEP includes a Phase 3 that would increase production to 26 million tonnes; this phase is currently under consideration.

IRON ORE PROJECTS LABRADOR



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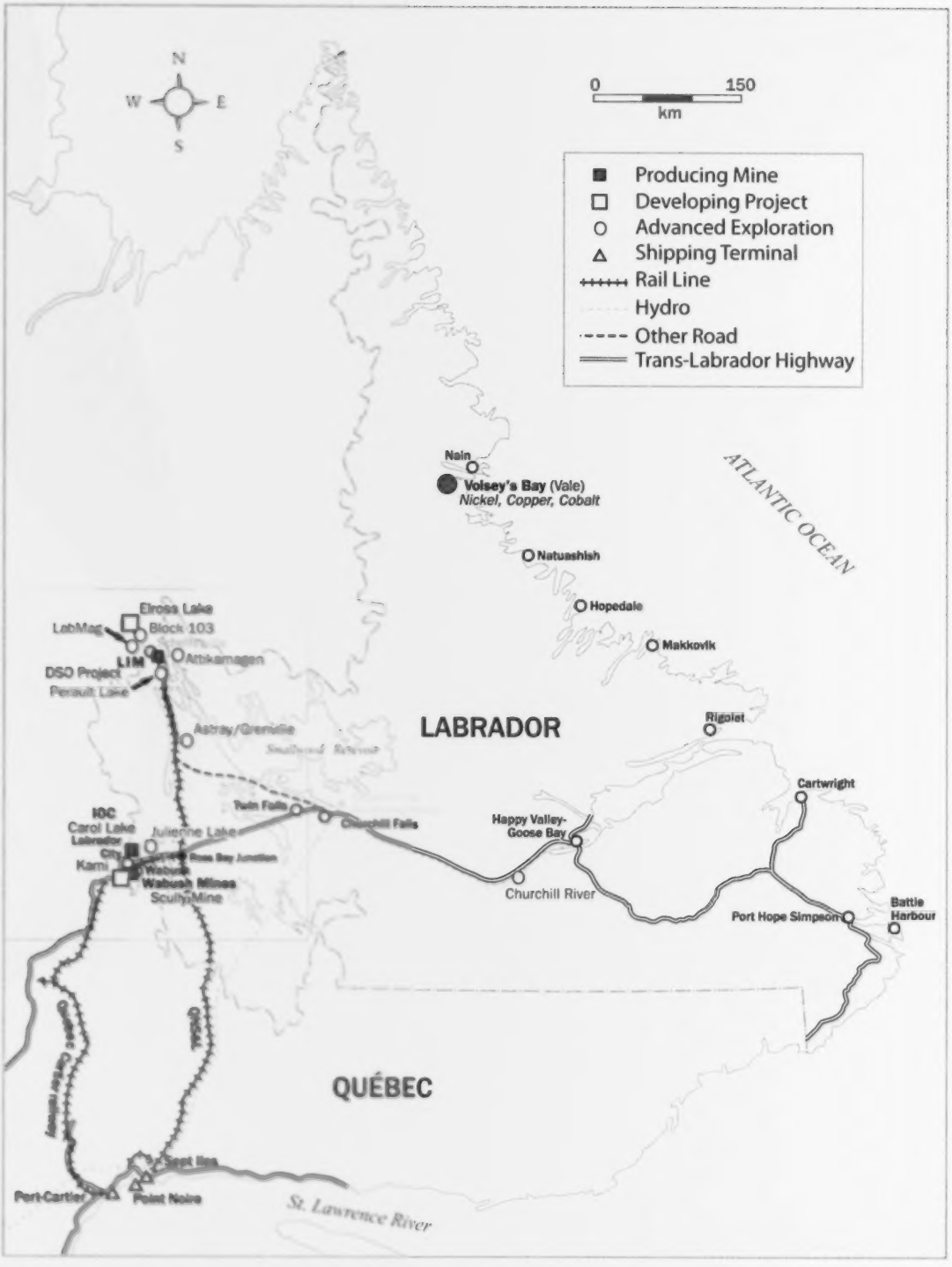
IRON ORE PROJECTS LABRADOR



IOC is also investigating an additional expansion plan (Project Genesis) that would increase production to 50 million tonnes annually. This entails a staged expansion involving investment in the company's mines, plants, rails and ports. The company completed an order of magnitude study and the engineering selection process has begun. If the project is sanctioned, first production would be expected in 2015.

Wabush Mines

Iron ore production at Wabush Mines declined in 2011 but is expected to expand in the future. Significant capital expenditures are planned to increase production to 5 million tonnes by 2013. This includes $30-$35 million to replace existing equipment and to acquire new equipment in the pit; $20 million to improve concentrator equipment reliability; up to $30 million on environmental projects; and $30 million for full implementation of a manganese reduction project upon approval by Cliffs Natural Resources.

Labrador Iron Mines Ltd.

Labrador Iron Mines Ltd. (LIM) began operations in April 2011 and shipped its first iron ore to China in October. The company is the first new iron ore producer in the province since 1965 when Wabush Mines started producing.

The company mines and processes direct shipping iron ore (DSO) in northwestern Labrador. While a part of the iron ore produced is of high grade (65% iron content) and suitable for direct shipping to market, the remaining lower grade ore (about 54%-59% iron content) is minimally processed at the facility before shipment. In 2011, 340,000 tonnes of ore were railed directly to Sept-Iles without processing; and 572,000 tonnes of ore was processed, yielding approximately 232,000 tonnes of lump and sinter fines. LIM has an agreement with IOC for the sale and shipping of all of its 2011 and 2012 iron ore production.

The project operates seasonally; processing and mining were shut down in early November and mid-December, respectively. Mining operations resumed on April 10 and processing is scheduled to begin in May, subject to weather conditions. The company employs approximately 80 people during operations.

The company has plans to expand the project. This could mean the addition of a separate plant by 2013 with the capacity to produce 2.5-3.0 million tonnes of ore per year. Planned additions to the existing plant will provide similar throughput for a combined capacity of 5-6 million tonnes of ore. This expansion project was registered with the Department of Environment and Conservation in December 2011 and was released from further Environmental Assessment in March 2012.

Voisey's Bay

Vale Newfoundland and Labrador (VNL) operates the Voisey's Bay mine in Labrador. Total production (nickel, copper and cobalt) reached over 120,000 tonnes in 2011, up 60% compared to 2010. This increase reflected the settlement of a 17-month labour dispute in January 2011. The company shipped over $1.7 billion of metal concentrates in 2011, up over 90% compared to 2010, mainly the result of increased nickel production.

The construction of VNL's US$3.6 billion nickel processing facility in Long Harbour continues with building construction and infrastructure upgrading. Budgeted capital expenditures for 2011 were approximately $817 million and employment in the province was about 2,000 person years. As of January 2012, the project was estimated to be about 59% complete with approximately 2,400 workers on site. The project is expected to be completed in 2013 and the plant is projected to reach full capacity 18 months after completion. Once operational, the facility will produce 50,000 tonnes of finished nickel per year and employ approximately 475 people.

Other Mines

Rambler Metals and Mining Canada Ltd. (RMM) mines and processes ore from its copper-gold Ming Mine on the Baie Verte Peninsula. RMM completed construction of a new copper mill adjacent to the existing Nugget Pond gold mill in 2011 and commissioning began in October. Since November 2011, and while commissioning of the copper circuit is ongoing, RMM is processing high grade gold ore in the gold mill. Employment at the site is currently about 150 persons and is expected to reach about 200 in 2013. The project is expected to process about 630 tonnes of ore per day and have a mine life of six years. The first shipment from the mill is expected in the second quarter of 2012.

Anaconda Mining Inc. began gold production in 2008 at its Pine Cove mine near Baie Verte. The company completed a redevelopment of the mill in 2010 and operations are approaching design specifications of 1,000 tonnes per day. Employment at the mine is about 45-50 person years.

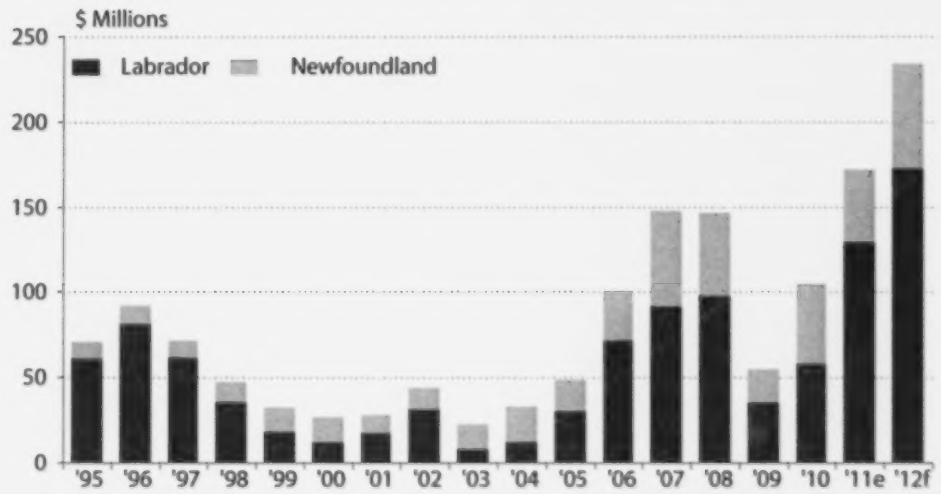
The Teck Duck Pond copper-zinc mine is located in central Newfoundland. Copper and zinc production for 2011 were 13,200 tonnes and 21,300 tonnes, respectively. This compares with copper and zinc production of 15,000 tonnes and 20,200 tonnes in 2010. The operation employs approximately 330 people annually. Teck Duck Pond operations are currently scheduled to end mining in the first quarter of 2015. However, the ongoing exploration program may extend the mine life.

There are other mines in the province: Beaver Brook Antimony Mine (antimony), Atlantic Minerals (limestone/dolomite), Hi-Point Industries (peat) and Newfoundland Pyrophyllite (pyrophyllite). These operations benefitted from a robust commodity market in 2011.

Exploration

Exploration expenditures increased to an estimated $172 million in 2011 from the $105 million recorded in 2010 (see chart). The major commodities of interest were iron ore, copper and gold, reflecting strong demand and prices for these metals. There was also significant interest in rare earth elements[4] in the province, as well as renewed interest in uranium—expenditures for each of these commodities were estimated to be roughly $10 million in 2011. In March 2012, the Nunatsiavut Government officially lifted a three-year moratorium on uranium mining on Labrador Inuit Lands, which should bode well for future exploration.

Mineral Exploration Expenditures



e: estimate; f: forecast
Source: Department of Natural Resources

New Developments

Mineral development activity in the province is supported by strong market conditions. Investment in developing properties continued in 2011 and several projects advanced.

Tata Steel Minerals Canada Ltd.'s (TSMC) Elross Lake project is a joint-venture owned by Tata Steel of India and New Millennium Iron Corp. TSMC is developing a direct shipping iron ore deposit in northwestern Labrador/northeastern Quebec. The project is split into two phases and both have been released from environmental assessment. Construction of a work camp began in the second quarter of 2011 and site clearing for a plant is underway. TSMC expects to begin commissioning the plant in the third quarter of 2012, with full operating capacity expected between November 2012 and January 2013. The project is expected to produce four million tonnes of iron ore

4 Rare earth elements (or metals) are a group of 17 chemical elements and are mainly used in the high-tech manufacturing sector (e.g. flat-screen TVs and superconductors) and in "green" technologies (e.g. wind turbines and hybrid gas–electric vehicles) because of their magnetic and conductive properties.

concentrate per year (with some ore being mined in Quebec) and employ about 188 people. Tata Steel and New Millennium are also undertaking a $50 million feasibility study for several large taconite (low grade iron content) deposits in the same area.

Newspar continues efforts to reactivate the underground fluorspar mine located at St. Lawrence on the Burin Peninsula. The company is an equal partnership between Canada Fluorspar Inc. (CFI) and Arkema (a multinational French chemical company). Newspar plans to develop two deposits, complete upgrades to the existing mill, and construct a tailings management facility and a new marine terminal. The provincial government approved a $17 million loan for the construction of the marine terminal. In June 2011, Arkema invested $15.5 million in CFI to acquire 19.9% of the company. A second level of investment was completed in October 2011 that involved Arkema and CFI injecting $60 million and $14 million, respectively, into Newspar. Newspar expects construction to begin this year and production to start in year 2014. The operation is expected to create about 150 jobs during production.

Alderon Iron Ore Corp. is advancing the Kamistiatusset (Kami) iron ore project located in western Labrador near Labrador City and Wabush. The company recently released a pre-feasibility study on one of three possible ore bodies. The study indicates that the mine could produce eight million tonnes of iron concentrates per year over a 15-year mine life. The project was registered for environmental assessment in October 2011. The registration contains provisions to increase production to 16 million tonnes per year in a two-phase capital expansion. The capital cost of the project is estimated at $989 million. Construction and operational employment are estimated at about 770 and 270 respectively.

MINING

Demand for minerals is expected to remain strong, however, the European debt crisis and a potential slowdown in China present risks.

The value of mineral shipments is expected to increase by about 24% to $5.7 billion. If realized, this would set a new record. The rise mainly reflects an increase in iron ore production and prices.

An increase in the production of iron ore is expected as Phase 1 of IOC's CEP is implemented and LIM enters its first full year of operation.

The value of shipments from Voisey's Bay is expected to decrease approximately 14% due to lower nickel production and prices.

Construction of Vale's nickel processing plant at Long Harbour will continue with building construction and equipment setting.

- Capital expenditures of $1.2 billion are slated for 2012.
- Peak employment is anticipated in the second quarter of 2012 at approximately 3,500 people.

Exploration expenditures are expected to increase to $234 million, a 36% increase over the record expenditure set in 2011. This increase is due primarily to the advanced exploration projects for iron ore in western Labrador.

Total mining-related employment is expected to increase more than 13% due mainly to increases at the Long Harbour nickel processing facility and IOC.

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- Capital expenditures of $1.2 billion are slated for 2012.
- Peak employment is anticipated in the second quarter of 2012 at approximately 3,500 people.

Exploration expenditures are expected to increase to $234 million, a 36% increase over the record expenditure set in 2011. This increase is due primarily to the advanced exploration projects for iron ore in western Labrador.

Total mining-related employment is expected to increase more than 13% due mainly to increases at the Long Harbour nickel processing facility and IOC.

Forestry and Agrifoods

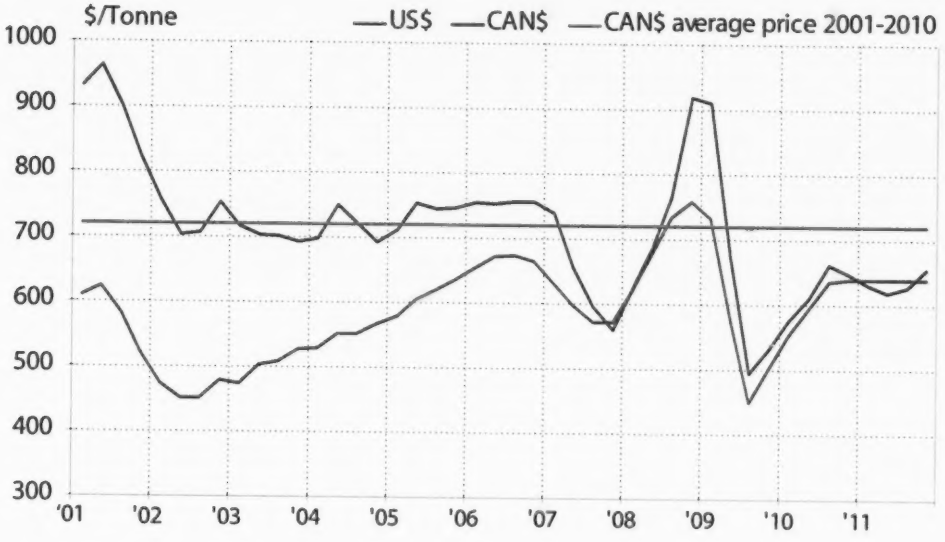
Forestry

Newsprint—North America

The North American newsprint industry continued to struggle in 2011, the result of declining demand which has fallen by more than 50% over the past decade. Demand dropped by 7.4% in 2011 compared to a year earlier. Overseas exports were down by 5.5% for the year, with declines in western Europe and Latin America only partially offset by increased shipments to customers in Asia. As domestic demand continues to decline, overseas markets have become increasingly important to North American newsprint producers, representing about one-third of total shipments today versus less than 20% five years ago.

Newsprint prices have remained relatively stable since the third quarter of 2010 at around US$640/tonne. Last year prices averaged 5.6% above 2010. However, for producers in this country the benefit of the higher U.S. prices was eroded by a stronger Canadian dollar (prices to Canadian producers were up by only 1.4%). The historical benefit of the low Canadian dollar for producers in this country has disappeared over the last three years as the Canadian dollar now routinely flirts with parity. For a significant portion of last year, newsprint prices in Canadian dollars were actually lower than the price in U.S. dollars (see chart).

Newsprint Prices



Note: Quarterly prices
Source: TD Bank Financial Group; Bank of Canada; Department of Finance

North American newsprint mills operated at roughly 92% capacity in 2011 and prices were stable. With overall demand continuing to decline, industry experts are speculating that more capacity reductions may be required in the future to support prices.

Newsprint—Province

The provincial newsprint industry has endured the same challenges as the North American industry, resulting in the permanent closure of two mills, one in 2005 in Stephenville and a second in 2009 in Grand Falls-Windsor. The Corner Brook mill, operated by Corner Brook Pulp and Paper Limited, is now the only newsprint operation in the province. The company operates two paper machines with a combined capacity of 260,000 tonnes per year.

Paper product shipments (both newsprint and directory paper) totalled 236,240 tonnes during 2011, a decrease of 8.8% from 2010. This decline reflects, in part, lost production due to both mechanical and electrical repairs and the implementation of directory paper production. The first shipments of directory paper from the mill commenced in February 2011. Directory paper is a thinner, stronger paper often used in telephone directories. The mill shipped 8,850 tonnes of this paper in 2011. The total value of paper product shipments in 2011 is estimated to have declined between 7% and 8%, reflecting lower volume.

Lumber and Wood Pellets

The North American lumber industry has struggled in recent years because of a slump in the U.S. housing market, its single biggest customer. Annual U.S. housing starts have continued to languish in the 500,000-600,000 range, compared to a pre-recession average of 1.5 million. While this situation has been alleviated somewhat by increased demand from Asian markets, prices overall have remained low, creating a tough, competitive environment for the Canadian sawmill industry. Since 2008, Canadian producer prices for softwood lumber and structural ties have remained, on average, about 17% below pre-recession prices.

There are four large integrated sawmills in the province that represent 85% to 90% of the lumber produced. These are located in Bloomfield, Summerford, Roddickton and Hampden. Like elsewhere in Canada, the slump in lumber demand in the U.S. has created challenges for the sawmill industry in this province. Increasingly, industry's strategy has been to focus less on the U.S. market and to maximize sales in the local lumber market. The industry has also moved to improve its economic situation through increased utilization of raw materials, mill upgrades and product line enhancements. The latest marketing strategy hopes to identify and develop overseas markets to further reduce Newfoundland and Labrador's reliance on the U.S.

Efforts to improve the viability of the industry have been met with some success as lumber production has regained some lost ground. In 2011 the volume of lumber produced in the province was estimated to have been about 85 million board feet, up slightly from 82 million board feet in 2010, and substantially higher than the 61 million board feet in 2009. The value of production is estimated to have increased from $26 million in 2010 to $29 million last year, reflecting higher production and price gains. Further production increases are anticipated over the near term.

Wood pellets are a new addition to the value-added wood products sector and provide diversification to sawmills' product lines. In 2010 two wood pellet plants operated, producing 3,000 tonnes of product for local markets. Last year productive capacity increased significantly when Holson Forest Products in Roddickton started operating a new 50,000-tonne capacity wood pellet plant. It is anticipated that the main export market for these pellets will initially be Europe. Wood pellets are produced from sawdust, tree bark, planer shavings and small diameter, low quality timber. The pellet industry has been growing globally as market interest in new wood fuel products has been sparked by high prices for other types of fuel and consumers' desire for cleaner, more efficient heat sources.

Agrifoods

Farm Cash Receipts

Farm receipts totalled $124.8 million in 2011, up 5.8% over 2010. Livestock and livestock products, which account for 85% of farm receipts, were up by 6.8% to $105.9 million. Higher fur sales accounted for the bulk of this increase—the value of fur production receipts increased by 40.7% to $15.8 million. This reflected gains in revenue for the local mink industry driven by high pelt sales and strong international prices in 2011. In addition to higher fur sales, livestock and livestock products were also positively impacted by higher values for eggs and cattle. Egg production receipts increased 17.4% to $17.1 million reflecting higher production and farm prices. Cattle receipts increased 48.5% to $2.8 million. Dairy product receipts dropped 3.9% to $43.3 million during the period. Although farm receipts for chicken production are no longer published, data from the Chicken Farmers of Canada indicate that the volume of chicken produced in the province decreased by 1.8% to 13.4 million kilograms in 2011. Crop production increased 0.4% to reach $18.2 million during the year.

Cranberry Farming

Cranberry farming in Newfoundland and Labrador is a relatively recent development, starting in the late 1990s. At that time Government decided to evaluate the potential for this industry by establishing pilot sites in collaboration with the private sector. Trials have proven that cranberries can be grown in the province in sufficient quantities to be profitable. Establishing the industry, however, takes some time as a cranberry farm requires a minimum of five years before significant commercial harvest.

There are currently about 250 acres of cranberry beds under development throughout the province. Sites include Deadman's Bay, Terra Nova, Stephenville, Stephenville Crossing, Frenchman's Cove and the Grand Falls-Windsor area. The Grand Falls-Windsor region has the largest acreage under development (10 farms with 12 acres each). It is estimated that farmers should have approximately 50 acres of cranberry beds for a sustainable operation. As such, some of the farms have initiated expansion. It has also been determined that the provincial industry should have at least 500 acres of beds in order to support a dedicated secondary processing facility. The current 10-year goal for the industry is to establish between 600 and 800 acres of beds.

FORESTRY and AGRIFOODS

The North American newsprint industry is expected to continue to be challenged by factors that have plagued the industry for some time (e.g. increased electronic media usage, higher costs, economic uncertainty).

Newsprint prices are expected to remain on par with 2011 at about US$640/tonne.

Paper product shipments from Newfoundland and Labrador are expected to be about 250,000 tonnes this year, up slightly from shipments in 2011.

With a slight improvement anticipated in the U.S. housing market and increasing Chinese demand, lumber prices are expected to increase from US$343/thousand board feet (tbf) in 2011 to US$350/tbf this year.

Lumber production in the province is expected to increase by about 6% to 90 million board feet.

Farm cash receipts are expected to post modest gains.

The harvest results in the province have been encouraging thus far. The most recent data (2010) showed an average yield of approximately 15,000 pounds per acre with some varieties yielding greater than 20,000 pounds per acre. This is comparable to the Canadian average of 14,400 pounds per acre. As well, the fruit has had above standard colour and quality.

Currently, most of the cranberries harvested are purchased by Indian Bay Frozen Foods in Bonavista Bay and shipped to Europe and Russia. Almost all of the cranberries grown in the province are processing varieties. However, there is increased interest in developing some fresh market varieties which command higher prices.

Although prices have fallen in the past couple of years analysts agree that the 5-10 year forecast for cranberry prices is between $0.55/pound and $0.60/pound, a good range for financial viability.

FORESTRY and AGRIFOODS

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Fishery

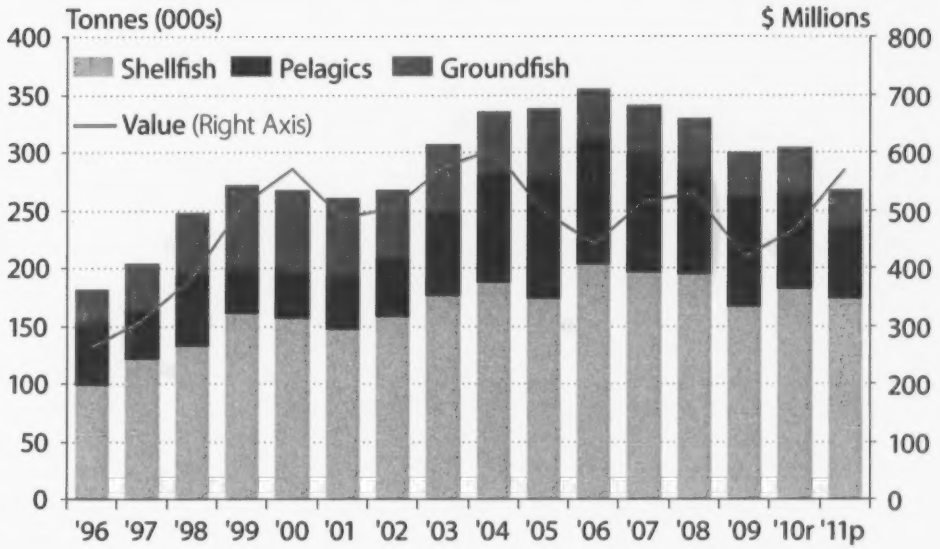
The Newfoundland and Labrador seafood industry experienced a good year in 2011. Higher market prices for key species, particularly snow crab and shrimp, combined with continued growth in the value of the aquaculture sector, resulted in a rise in total production value despite a decline in total production volume. Total production was valued at over $1 billion in 2011, an increase of 7.3% compared to 2010. The United States and China remained the province's primary export markets.

Employment levels in the seafood industry declined slightly in 2011. There were 21,289 people employed in the industry compared to 21,426 in 2010. The number of fish harvesters declined from 10,943 in 2010 to 10,882 in 2011 and the number of people employed in processing activities decreased 1.9% to 9,902[5]. However, the number of people employed in aquaculture hatchery and grow-out activities is estimated to have increased from 393 in 2010 to 505 in 2011.[6]

5 Processing employment data are from Department of Fisheries and Aquaculture's annual Employment Insurance survey and are based on the number of individuals employed during the year. The harvesting employment data are based on the number of fish harvesters registered with the Professional Fish Harvesters Certification Board. These data report a higher employment number than the Statistics Canada Labour Force Survey data (included in the table on page 92), which uses a person year concept of employment.

6 Aquaculture employment data are based on hatchery and grow-out operations only—processing employment data related to aquaculture are reported in total processing employment (9,902). It is estimated that total aquaculture employment, including processing, was about 1,000 persons in 2011.

Volume and Value of Fish Landings



r: revised; p: preliminary
Note: Annual value includes seals
Source: Department of Fisheries and Aquaculture

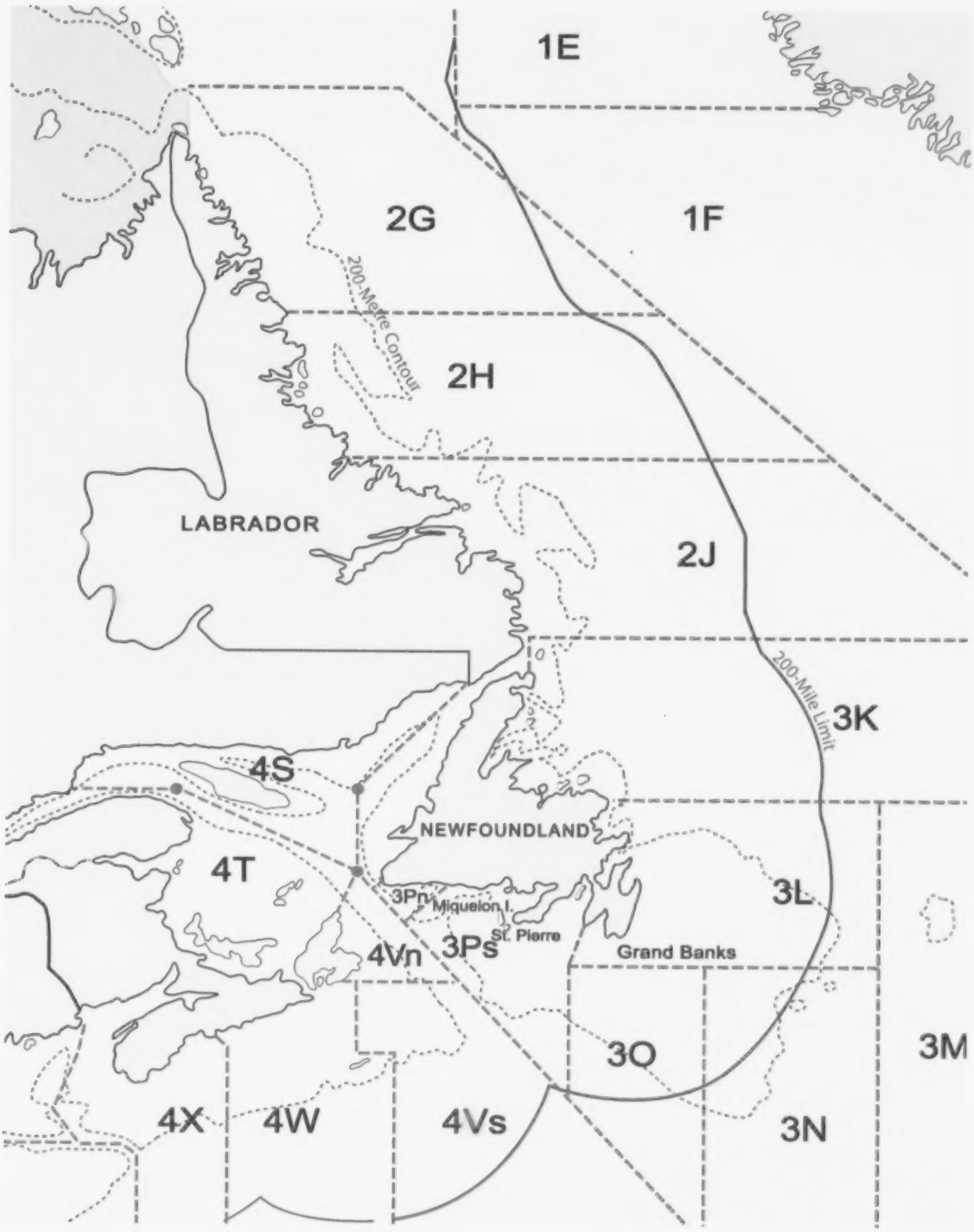
Capture Fisheries

The total landed value of capture fisheries increased 21.3% to $568 million in 2011 (see chart). An increase in raw material prices of snow crab and shrimp more than offset decreased landings. The volume of fish landed was down 12.1% to 267,900 tonnes. This decline was mainly the result of lower mackerel landings and a shrimp quota reduction.

Shellfish

Shellfish comprised 85.5% of total landed value in the capture fisheries in 2011. Shellfish landings decreased 4.3% to approximately 173,800 tonnes, mainly due to lower shrimp catches. Total shrimp landings were down 8.7% to 86,800 tonnes because of quota cuts in Shrimp Fishing Area (SFA) 6 and SFA 7. The volume of snow crab landed last year increased 1.4% to 52,946 tonnes. The associated landed value for shellfish fisheries rose 34.2% to $485 million as a result of higher raw material prices for snow crab and shrimp.

FISHERIES MANAGEMENT DIVISIONS



Groundfish

Groundfish landings totalled about 31,700 tonnes in 2011, marking a 20.1% decline relative to 2010. The decline was largely the result of lower yellowtail flounder and cod landings, down 51.0% and 20.3% respectively. Yellowtail flounder catches were lower in 2011 partially due to a labour disruption early in the year. The decline in cod landings was mainly the result of lower catches and reduced fishing effort in NAFO division 3Ps and a quota reduction in NAFO division 4R. The value of groundfish landings decreased 14.8% to about $70 million.

Pelagics

Pelagic landings were down 25.3% to 62,400 tonnes in 2011. The associated landed value decreased 47.6% to $12.0 million. A significant decline in mackerel availability was the primary contributor to lower landings. Both landings and landed value of mackerel fell by 78%. Capelin landings and landed value both increased 24.4%, while herring landings and landed value fell by 4.5% and 4.3% respectively.

Seals

The number of seals harvested decreased 43.5% to 37,839 in 2011 partially due to a reduced effort because of poor ice conditions and lower market prices. The corresponding landed value declined 43.2% to $745,000. The average landed price for seal pelts was $21.00 in 2011.

Processing and Marketing

There were 124 licensed processing facilities in the province with 105 in operation (89 primary, three secondary, five aquaculture and eight retail) last year. Total seafood production declined 17.9% to 140,211 tonnes in 2011. This decrease in production was largely the result of a drop in mackerel processing.

The focus on sustainability and eco-labelling continues to grow in key markets for Newfoundland and Labrador seafood products. The province currently has six fisheries certified to the Marine Stewardship Council (MSC) standard and four fisheries currently under assessment[7] (see table).

7 MSC certification is one of the most internationally recognized certification programs available for wild capture fisheries. The MSC follows FAO (Food and Agriculture Organization of the United Nations) guidelines. The MSC principles and criteria for sustainable fishing include three core principles: health of the fish stock, fishery impacts on the ecosystem, and fishery management.

Marine Stewardship Council Certification

Fisheries Currently Certified

- Canada Northern Prawn
- Gulf of St. Lawrence Northern Shrimp Trawl Fishery Esquiman Channel
- Fogo Island Cold Water Shrimp
- Offshore Northern (Shrimp Fishing Areas 2, 3, 4, 5, 6, 7) and Striped Shrimp (Shrimp Fishing Areas 2, 3, 4)
- Eastern Canada Offshore Scallop
- Ocean Choice International (OCI) Grand Bank Yellowtail Flounder Trawl

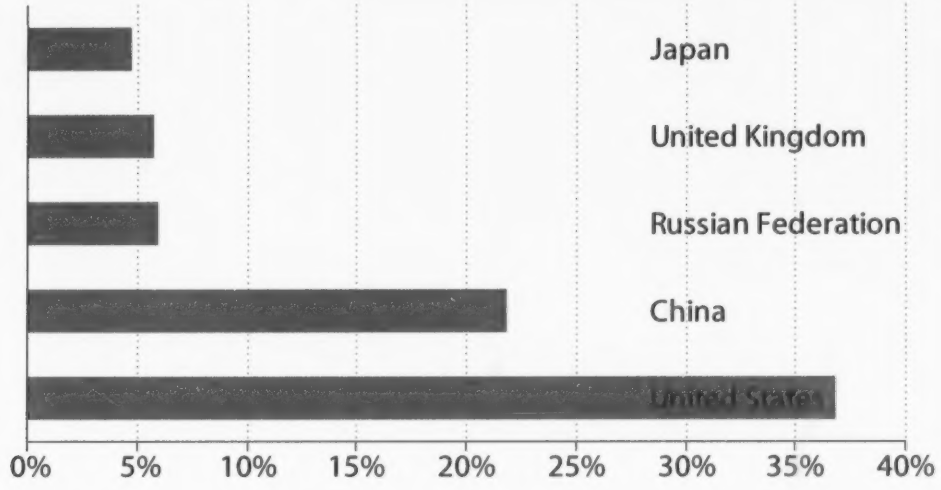
Fisheries Currently Under Assessment

- Offshore Northern Shrimp (Shrimp Fishing Area 1)
- Atlantic Halibut
- Clearwater Seafoods Banquereau and Grand Banks Arctic Surf Clam
- NAFO Division 4R Herring Purse Seine

The Newfoundland and Labrador seafood industry is export driven. Annual exports in 2011 reached 158,600 tonnes with a value of $860 million, compared to 181,100 tonnes and $780 million in 2010. Contributors to the growth in value included improved global demand for seafood, higher market prices for snow crab and shrimp, and an increase in aquaculture exports.

The United States and China continued to be the province's largest seafood markets in 2011, representing 36.8% and 21.8% of total export value, respectively (see chart). Other key markets included Russia (5.9%), the United Kingdom (5.7%) and Japan (4.7%). These five top markets comprised 74.9% of the provincial export value. The remaining portion (25.1%) was exported to about 50 other countries. The United States continued to be the largest importer of the province's snow crab, accounting for over 60% of total export value, followed by China and Japan. While Japan is no longer the second largest market for snow crab, a significant portion of the province's snow crab exports ultimately reach Japan after processing in China. The major markets for cooked and peeled shrimp were the United Kingdom, Denmark, the Netherlands and the United States. The major markets for offshore shell-on shrimp were Russia, China, Iceland and Denmark.

Percent of Total Seafood Export Value by Country (2011)



Source: Department of Fisheries and Aquaculture

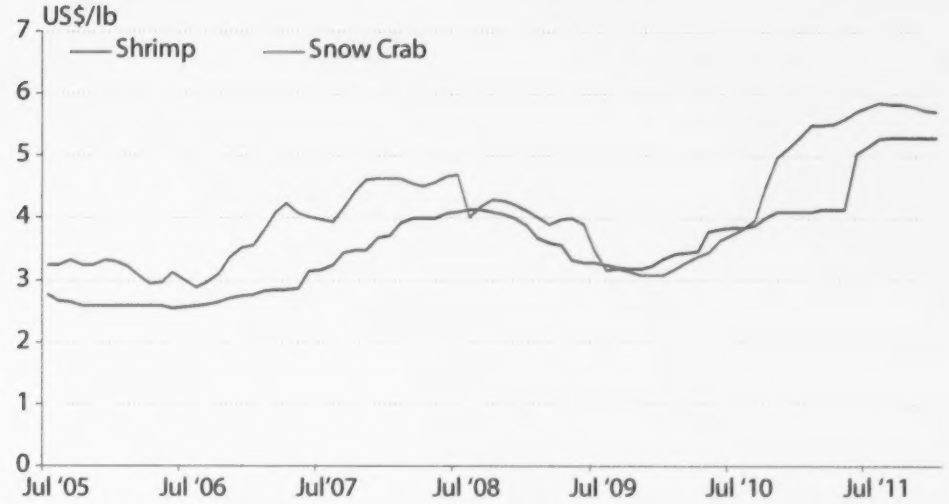
U.S. market prices for snow crab increased to record levels in 2011. The average price for 5-8 ounce sections was US$5.66/pound, up 25.2% from 2010 (see chart). Market prices for cooked and peeled shrimp also showed significant gains. The average market price for 150-250 count shrimp was US$4.82, up 27.9% from 2010. Increased prices for shrimp were due in part to a global supply shortage. For snow crab, a strengthening yen allowed Japanese buyers to increase purchases.

The European Union (EU) implemented legislation to ban the import of seal products on October 25, 2010. In January 2012, the Russian Federation, Belarus and Kazakhstan banned the trade of harp seal fur products. The Government of Canada is taking action through the World Trade Organization (WTO) to overturn the EU ban on the grounds that it believes it is in violation of WTO trade agreements. The province supports these efforts and has further requested that Canada be very clear with these countries that it will take similar action against any country which implements a seal product ban that violates international trade agreements. A potential Canada-China arrangement for edible products remains a significant development opportunity for the Canadian sealing industry. The province continues to work with the federal government to finalize the agreement.

Aquaculture

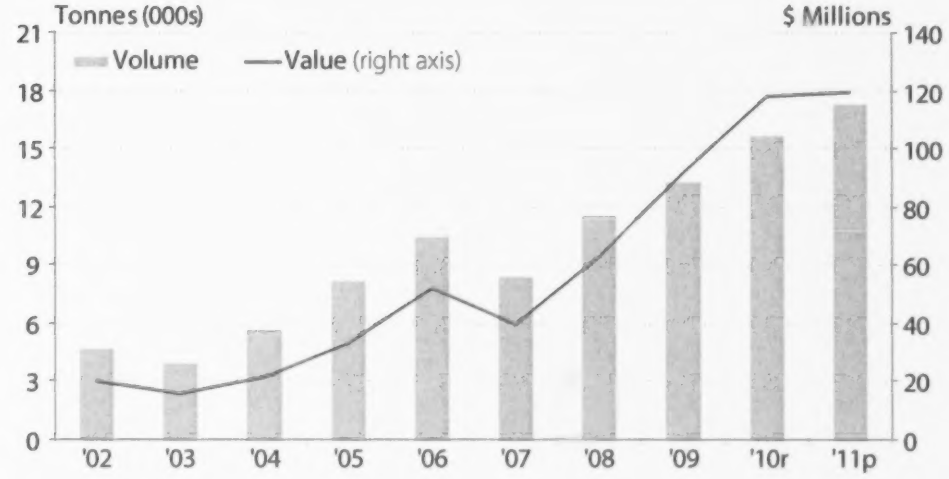
The aquaculture industry in Newfoundland and Labrador focuses on three commercial species: Atlantic salmon, steelhead trout and blue mussels. 2011 was another record year for the industry—aquaculture production grew to 17,264 tonnes, representing an increase of 12.4% over 2010 (see chart). This growth was facilitated by the continued

Prices for 150-250 Count Coldwater Shrimp and 5-8 Ounce Frozen Snow Crab Sections, United States



Note: Urner Barry Publications price data were unquoted for several months. These data were estimated by the Department of Finance.
Source: Urner Barry Publications Inc.; Department of Fisheries and Aquaculture; Department of Finance

Aquaculture Production and Value



r: revised; p: preliminary
Source: Department of Fisheries and Aquaculture

OUTLOOK 2012

FISHERY

Total fish landings are expected to show marginal declines in 2012 as a result of quota reductions in some fisheries.

Demand for seafood currently appears to be stable; however, fluctuations in pricing can be expected during the year.

- An increase in the Alaskan snow crab quota (up 64% over 2011) will likely result in downward pressure on snow crab prices.
- An expected decrease in global shrimp supply should support prices for all coldwater shrimp in 2012; however, global economic uncertainty may limit price growth.

Aquaculture production is expected to build on record levels posted in 2011, largely due to continued expansion in the salmonid sector.

- Modest downward pressure on the market value of Atlantic salmon is expected to continue in 2012 due to increased global production.
- Mussel production and market value are expected to be stable over the next few years.

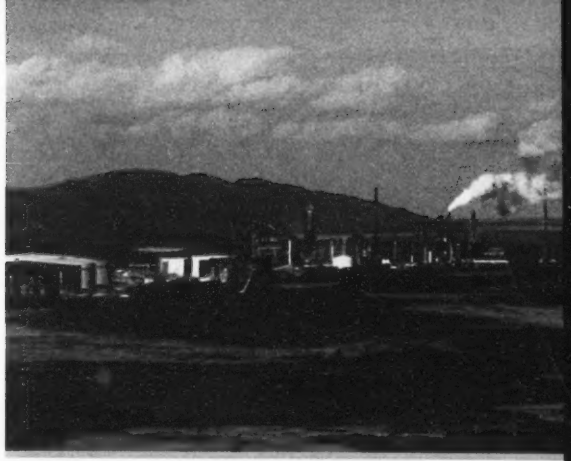
expansion of the salmonid (Atlantic salmon and steelhead trout) sector and a rebounding mussel sector. Market value also rose to $120.1 million, an increase of 1.8%.

Total salmonid production for 2011 was 14,264 tonnes, up 10.6% over 2010, while value was $111.8 million (up 1.4%). The re-entry of Chile into the market, following a 2008 outbreak of the infectious salmon anaemia virus, along with expanded production in Norway, created additional supply in 2011. This caused market prices for Atlantic salmon to decline. Blue mussel production continued to rebound in 2011, reaching 3,000 tonnes. Market value grew by 8.3% to total $8.2 million.

The provincial government has supported industry development through significant investments in infrastructure. In 2011, the Centre for Health and Development was opened in St. Alban's. The centre includes an accredited, state-of-the-art diagnostics facility to enable veterinarians and aquatic animal health personnel to best serve the industry's emerging needs. The province also opened two new aquaculture-dedicated wharves in Hermitage-Sandyville and Pool's Cove to facilitate best practices in biosecurity protocols.

Aquaculture continues to be a growth sector for the provincial economy in general and for the seafood industry specifically. According to a recent report by the Atlantic Provinces Economic Council, Newfoundland and Labrador had the strongest growth in aquaculture output over the last five years and, in 2010, had the second largest aquaculture industry in Eastern Canada in terms of production value.

Manufacturing



Manufacturing accounts for 4.1% of GDP and 4.7% of total employment in the province. There are many manufacturers in the province producing a wide variety of products, however most activity is concentrated in three major groups—food processing (mainly fish), newsprint and refined petroleum.

In 2011, the value of shipments rose to more than $5.5 billion (see chart), representing an increase of 6.9% compared to 2010. This increase was mainly due to higher market prices for refined petroleum and fish products. Nationally, the value of manufacturing shipments rose 7.8% over the same time frame.

According to Industry Canada, the value of refined petroleum product exports from Newfoundland and Labrador increased during the first 11 months of 2011 versus the same period of 2010. This increase was due to higher market prices as provincial production declined. Harvest Operations Corp., owners of the North Atlantic refinery, performed a three-month maintenance turnaround which shut down production from May until mid-August. As a result, the volume of production at the refinery was down about 20%, however the value of sales increased about 3% due to higher prices. Capital expenditures at the refinery in 2011 totalled $284.2 million. Of this, $62.6 million was spent to advance a $300 million debottlenecking project, which is expected to increase product yield value and improve the energy efficiency of the refinery. The project began in November 2010 and is scheduled to be completed in 2013.

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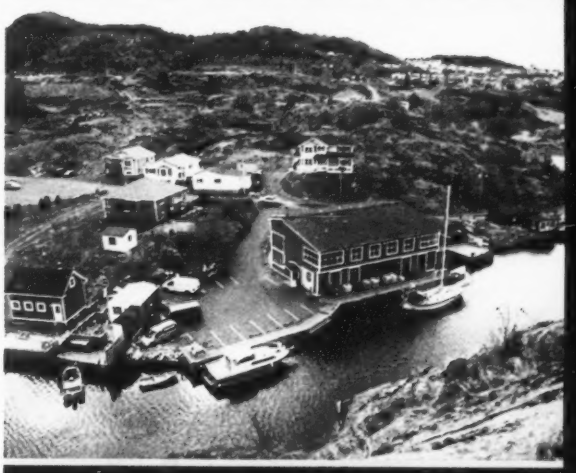

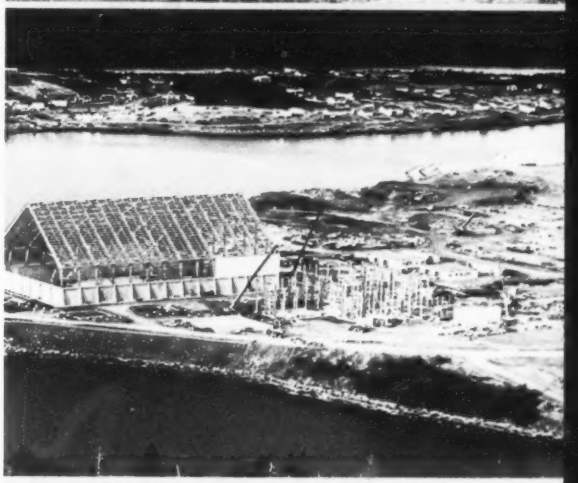

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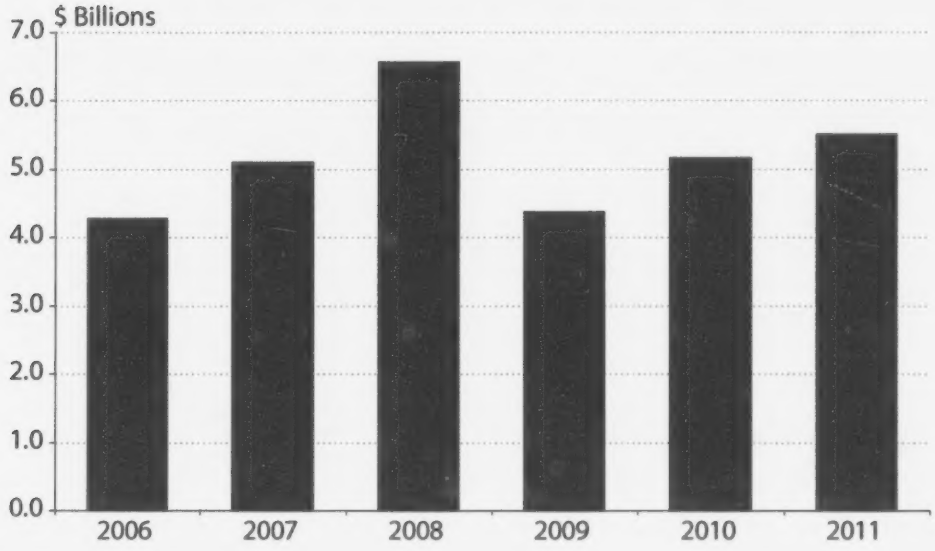
Manufacturing Shipments



Source: Statistics Canada

The value of seafood production increased by 7.3% in 2011 compared to the previous year. This reflected higher prices for some species and increased aquaculture production (see *Fishery* for details).

Paper product shipments from Corner Brook Pulp and Paper Limited declined in 2011. The volume of paper product shipments decreased by 8.8%, reflecting some lost production due to mechanical and electrical repairs, as well as a shift in product line (see *Forestry and Agrifoods* for details).

Manufacturing employment averaged 10,600 in 2011, representing an increase of 8.2% over 2010. Fish processing employment increased by about 500, while manufacturing employment outside of fish processing increased by about 300.

Investment in manufacturing remained robust, supported by expenditures at the refinery and the continued development of Vale's US$3.6 billion nickel processing plant in Long Harbour. Vale's budgeted capital expenditures on the project were approximately $817 million in 2011.

While the bulk of investment is concentrated in large-scale commodity processing, other manufacturers (those that focus on smaller, more specialized markets) advanced

their operations last year. Eastern Star Group Canada Inc. received a loan from the provincial government to establish a 5,000 square foot shrimp shell processing plant in Twillingate and Marport Deep Sea Technologies was awarded a multi-million dollar contract to develop sonar modules for a military electronics contractor.

OUTLOOK 2012

MANUFACTURING

The value of manufactured products is expected to increase in 2012 as a result of higher prices for refined petroleum.

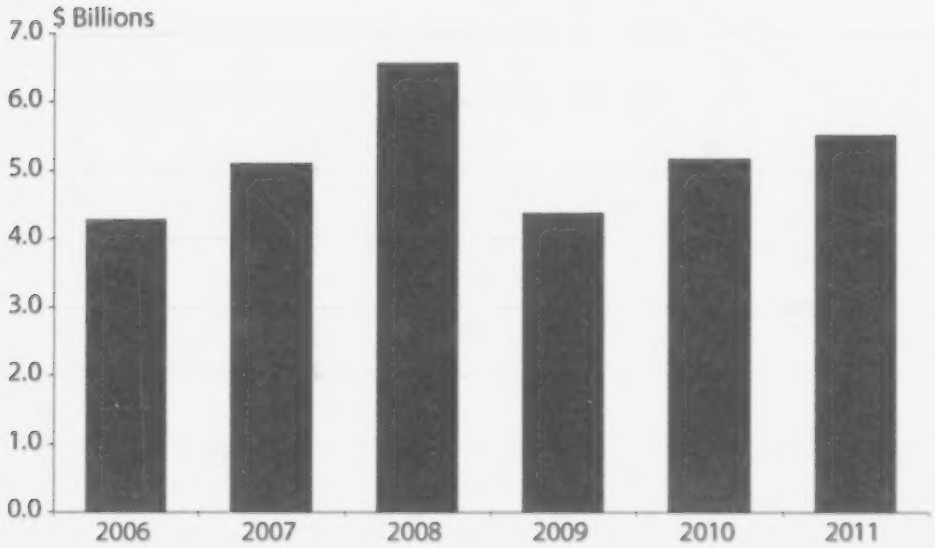
Newsprint production is expected to increase slightly compared to 2011.

Manufacturing investment will remain high in 2012 as construction activity related to the Long Harbour nickel processing plant continues. Expenditures of $1.2 billion are anticipated on the project this year.

Harvest Operations Corp. anticipates spending approximately $120 million on capital projects at the North Atlantic refinery in 2012.

Production at the North Atlantic refinery is expected to increase about 50% due to a return to full-year production following a major planned outage in 2011 that reduced crude throughput.

Manufacturing Shipments



Source: Statistics Canada

The value of seafood production increased by 7.3% in 2011 compared to the previous year. This reflected higher prices for some species and increased aquaculture production (see *Fishery* for details).

Paper product shipments from Corner Brook Pulp and Paper Limited declined in 2011. The volume of paper product shipments decreased by 8.8%, reflecting some lost production due to mechanical and electrical repairs, as well as a shift in product line (see *Forestry and Agrifoods* for details).

Manufacturing employment averaged 10,600 in 2011, representing an increase of 8.2% over 2010. Fish processing employment increased by about 500, while manufacturing employment outside of fish processing increased by about 300.

Investment in manufacturing remained robust, supported by expenditures at the refinery and the continued development of Vale's US$3.6 billion nickel processing plant in Long Harbour. Vale's budgeted capital expenditures on the project were approximately $817 million in 2011.

While the bulk of investment is concentrated in large-scale commodity processing, other manufacturers (those that focus on smaller, more specialized markets) advanced

their operations last year. Eastern Star Group Canada Inc. received a loan from the provincial government to establish a 5,000 square foot shrimp shell processing plant in Twillingate and Marport Deep Sea Technologies was awarded a multi-million dollar contract to develop sonar modules for a military electronics contractor.

MANUFACTURING

The value of manufactured products is expected to increase in 2012 as a result of higher prices for refined petroleum.

Newsprint production is expected to increase slightly compared to 2011.

Manufacturing investment will remain high in 2012 as construction activity related to the Long Harbour nickel processing plant continues. Expenditures of $1.2 billion are anticipated on the project this year.

Harvest Operations Corp. anticipates spending approximately $120 million on capital projects at the North Atlantic refinery in 2012.

Production at the North Atlantic refinery is expected to increase about 50% due to a return to full-year production following a major planned outage in 2011 that reduced crude throughput.

Construction

The construction industry has recorded significant growth over the past five years, marked by record investment, employment and wages in 2011. Construction investment in Newfoundland and Labrador rose to $5.8 billion in 2011, up 25.2% from 2010. This represented the strongest growth experienced among the provinces. Growth in construction expenditures was led by the private sector which accounted for 87% of construction spending.

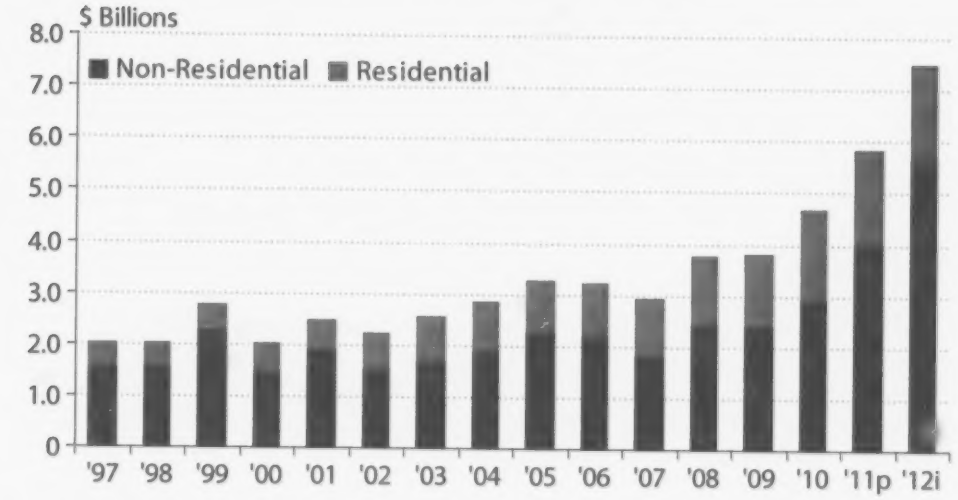
Construction Expenditures

($ Millions)

	2011p	2012i
Non-Residential	4,027.8	5,690.7
% Change	37.8	41.3
Residential	1,811.2	1,792.8
% Change	3.9	-1.0
Private	5,061.0	6,714.2
% Change	35.0	32.7
Public	778.0	769.3
% Change	-15.1	-1.1
Total	5,839.0	7,483.5
% Change	25.2	28.2

p: preliminary; i: intentions
Source: Statistics Canada

Construction Investment



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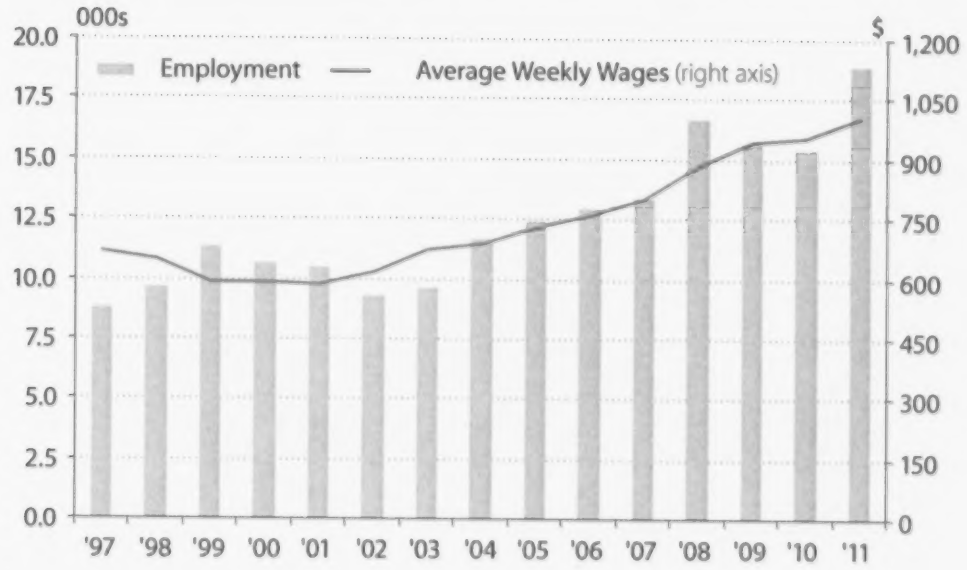
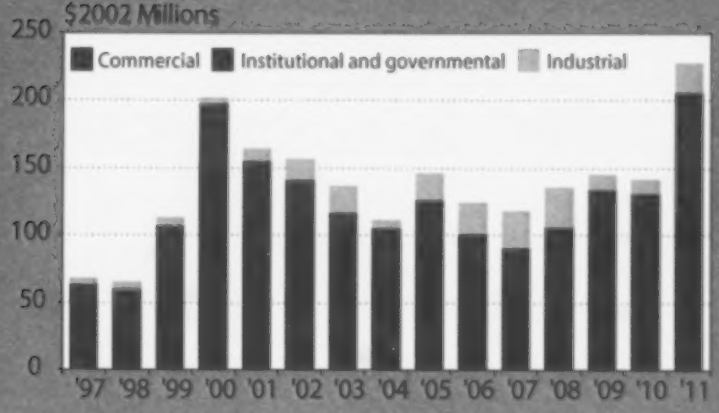
Construction Wages and Employment



Source: Statistics Canada

NON-RESIDENTIAL BUILDING CONSTRUCTION

Investment, Non-Residential Building Construction, St. John's CMA



Source: Statistics Canada

Total Non-Residential Building Construction Investment ($2002 Millions)

Census Metropolitan Area	2010	2011	2010-11
Abbotsford-Mission, BC	$67.3	$116.9	73.7%
Thunder Bay, ON	$68.0	$113.3	66.5%
St. John's, NL	$141.7	$228.1	61.0%
Ottawa-Gatineau, Quebec part, ON/QC	$193.1	$308.3	59.6%
St. Catharines-Niagara, ON	$297.7	$456.0	53.2%
London, ON	$377.9	$517.9	37.0%
Guelph, ON	$151.8	$202.1	33.1%
Kitchener-Cambridge-Waterloo, ON	$713.1	$818.9	14.8%
Sherbrooke, QC	$166.0	$186.3	12.2%
Windsor, ON	$253.5	$272.8	7.6%

Source: Statistics Canada

About 60% of total non-residential building construction investment in the province occurs within the St. John's CMA. Investment in non-residential building construction is based on building permit information and, as such, excludes expenditures on investments that do not require a building permit (e.g., bridges, roads, oil production facilities). Since 2007, real non-residential building construction investment in the St. John's CMA has increased by 93% from $118.4 million to $228.1 million.

Most of the growth within the St. John's CMA has actually occurred in the past year (+61.0%). The table lists the 10 CMAs with the strongest growth in real non-residential building construction investment in 2011. As indicated, St. John's ranked third. In 2011, commercial building investment within the St. John's CMA increased by 41.1% to $128.7 million; institutional and governmental increased by 93.7% to $77.9 million; and industrial increased by 109.3% to $21.4 million. Some examples of building construction in the St. John's CMA in 2011 include retail stores (e.g. RONA, Best Buy, Pet Smart, Pipers); car dealerships; residences at Memorial University; a recreational complex in Mount Pearl; and the replacement of the Hoyles Escasoni complex.

Construction Expenditures

Non-residential expenditures accounted for the largest portion of construction investment in 2011, representing 69.0% of the total. This sector reached $4.0 billion in investment expenditures in 2011, up 37.8% from 2010. The advancement of major projects, in particular activity related to the Long Harbour nickel processing facility, the IOC expansion, the Hebron project and tie-ins to the Hibernia oilfield, all contributed to growth in construction expenditures in 2011. In addition, public sector investment in infrastructure, such as the Trans Labrador Highway, new student residences at Memorial University, and a number of new long-term care facilities supported high levels of spending.

Investment in residential construction remained strong in 2011, increasing 3.9% from 2010. Investment was buoyed by renovations spending. Higher expenditures on renovations (+8.5%) offset a decline in spending on new dwellings (-2.6%). This is consistent with housing starts data which showed a 3.3% decline in 2011 (see *Real Estate*).

Construction Employment and Wages

Employment in the construction industry averaged 18,900 in 2011, the highest level ever recorded in the province, and representing an increase of 22.7% over 2010. Major project development, combined with the government's continued investment in infrastructure, significantly contributed to this increased employment.

Demand for skilled workers have resulted in upward pressure on construction wages. Wages have increased considerably over the past decade (see chart), rising by over 70% from 2001 to 2011. This was the strongest growth among provinces.

CONSTRUCTION

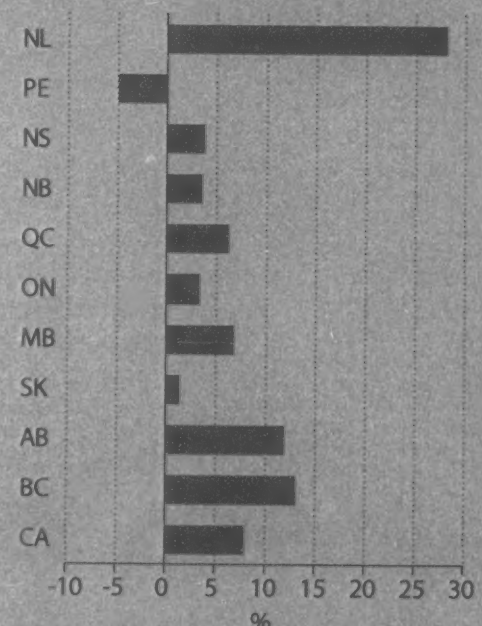
Construction investment is expected to post another record performance in 2012 with spending of $7.5 billion. Investment growth will be the strongest among provinces.

Non-residential construction spending is projected to increase 41.3%, driven by the continued advancement of major projects such as Vale's nickel processing facility and the Hebron development.

Residential investment is expected to total $1.8 billion, down slightly from 2011 but still high from a historical perspective.

Over $28 billion in project spending is planned or underway in the province according to the *Inventory of Major Capital Projects* (see page 75).

Construction Investment Growth
2012



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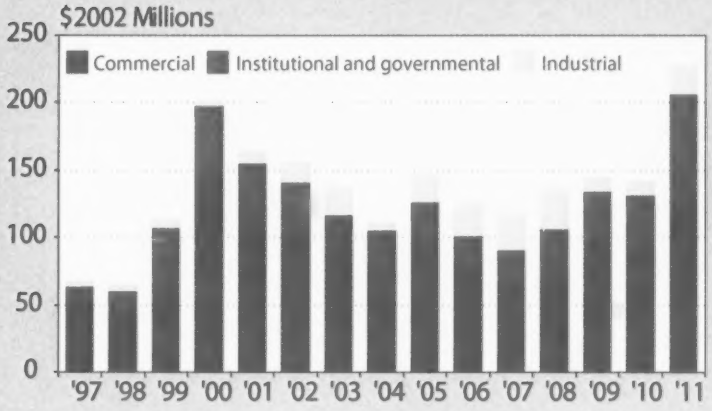

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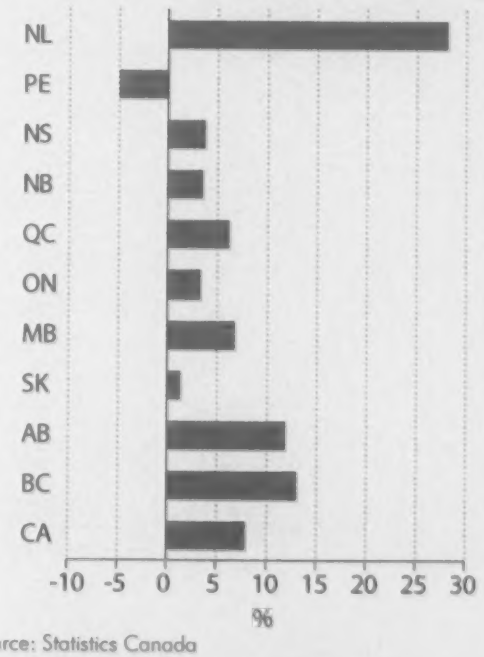


Source: Statistics Canada

Real Estate

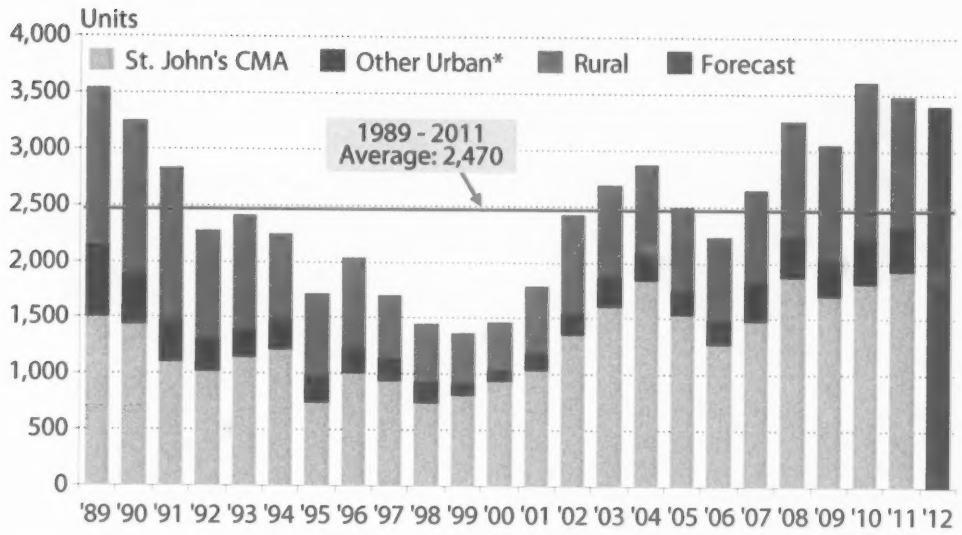
The residential housing market remained strong in 2011. Housing demand reflected solid economic conditions, low interest rates, optimism about future major projects and growth in the number of households. Housing starts and residential sales activity remained high and residential prices reached record levels. The residential rental market remained strong in 2011 with low vacancy rates and higher rents.

Housing Starts

Housing starts totalled 3,488 units in 2011, down 3.3% compared to 2010 but high from a historical perspective (2010 marked the highest level of housing starts since 1980). By comparison, housing starts were down 1.4% in the Maritimes and up 2.1% in Canada. Since 1989 housing starts have averaged 2,470 units per year (see chart).

Single-detached starts (which typically account for about 80% of total starts in the province) declined by 11.2% to 2,612 units, while multiple starts (which include denser housing types such as row houses, semi-detached homes, apartments and condominiums) increased by 31.7% to 876 units. Factors contributing to the growth in multiple starts likely include increased condominium development, tight conditions in the rental market, and demand for increased affordability often associated with multiple units.

Housing Starts



* 'Other Urban' includes Census Agglomerations: Carbonear (to 1991), Bay Roberts, Corner Brook, Gander, Grand Falls-Windsor, Labrador City (to 2007).
Source: Canada Mortgage and Housing Corporation; Department of Finance

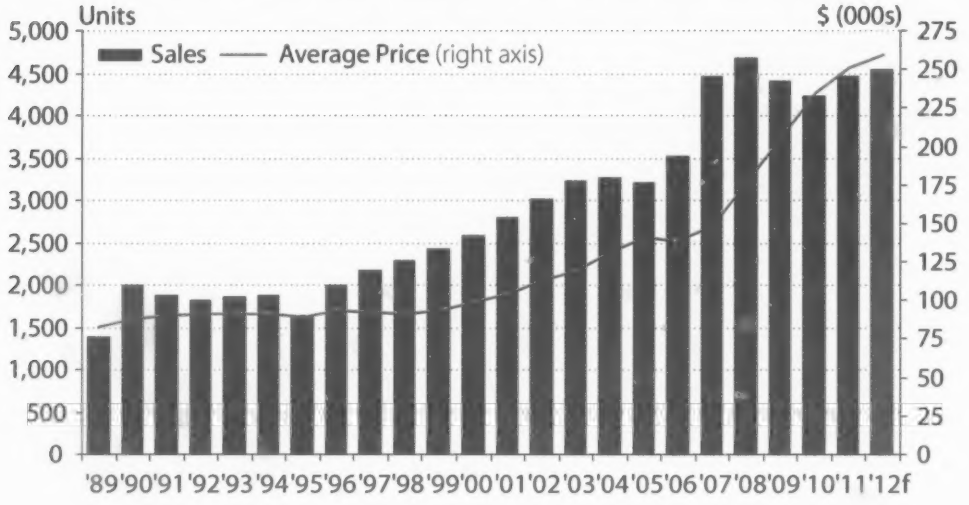
Growth in housing starts differed between urban and rural areas in 2011. Urban housing starts (which account for approximately two-thirds of housing starts in the province) were up 4.9% to 2,322 units, driven primarily by an increase in starts in the St. John's Census Metropolitan Area (CMA). Conversely, rural starts were down 16.3% to 1,166 units. The divergence between urban and rural starts can be partially explained by the type of housing being built (i.e. multiple units are more likely to be constructed in more populated urban centres).

Residential Sales and Prices

Residential sales activity and prices remained high in 2011. The number of residential properties sold in the province through the Canadian Real Estate Association's (CREA) Multiple Listing Service® (MLS®) during 2011 was 4,480, an increase of 5.8% from 2010. Compared to 2010, residential sales were slow during the first half of 2011 but picked up during the second half. Active listings (a measure of inventory in the resale housing market) were up 17.0% during 2011 to a level not seen since 2007, possibly indicating a return to more balanced market conditions. Nationally, residential sales increased 2.2% during 2011 with increases experienced in all provinces except New Brunswick (-1.5%) and Quebec (-3.5%).

Residential prices in the province continue to set new highs. During 2011 the average MLS® residential price in the province was $251,581, an increase of 6.9% compared to 2010. The average MLS® residential price in the St. John's CMA was $268,608, an increase of 6.9% over 2010. Nationally, the average MLS® residential price increased 7.2% to $363,346 during 2011. Newfoundland and Labrador recorded the third highest residential price growth in 2011, behind British Columbia (+11.1% to $561,304) and Ontario (+7.0% to $366,272), yet remained one of the more affordable places to purchase a home.

Residential MLS® Sales and Average Price



f: forecast (March 2012)
Source: Canadian Real Estate Association

Rental Market

Residential rental vacancy rates have been near historic lows throughout Newfoundland and Labrador for the past number of years, hovering around 1% since 2008. Urban vacancy rates increased from 1.0% in October 2010 to 1.3% in October 2011 (latest data available), but remain very low and represent the second lowest vacancy rate in Canada (see table). In October 2011 vacancy rates were 0.9% in the Grand Falls-Windsor Census Agglomeration (CA), 1.2% in Gander, 1.3% in the Corner Brook CA, 1.3% in the St. John's CMA, and 3.6% in the Bay Roberts CA. As vacancy rates remain low, rents have been increasing but are still among the lowest in Canada. In October 2011 the average monthly rent for a two-bedroom apartment in Newfoundland and Labrador was $701, up from $668 in October 2010, but the third lowest in Canada. It is expected that improved labour markets, positive net-migration and higher housing prices will continue to keep vacancy rates low and exert upward pressure on rents.

REAL ESTATE

Vacancy Rates and Rents

	Vacancy Rate		Average Rent*	
	10-Oct	11-Oct	10-Oct	11-Oct
CA	2.9%	2.5%	$835	$856
BC	2.7%	2.4%	$1,019	$1,019
AB	4.6%	3.4%	$1,036	$1,044
SK	2.5%	1.9%	$872	$913
MB	0.9%	1.0%	$815	$850
ON	2.9%	2.2%	$980	$1,002
QC	2.7%	2.9%	$666	$684
NS	2.9%	2.7%	$851	$882
NB	4.5%	4.8%	$668	$687
PE	2.2%	2.9%	$719	$745
NL	1.0%	1.3%	$668	$701

*Average rent presented on two-bedroom (new and existing structures)

Source: Canada Mortgage and Housing Corporation, Rental Market Survey (urban sample survey conducted twice annually)

The residential real estate market is expected to remain strong during 2012.

Total housing starts are expected to decrease by 3.4% to 3,371 units, but remain high from a historical perspective.

Residential resale prices are expected to increase by 3.2% to average $259,700, and sales activity is expected to remain strong at about 4,550 in 2012 according to the Canadian Real Estate Association.

Interest rates are expected to remain low for the duration of 2012.

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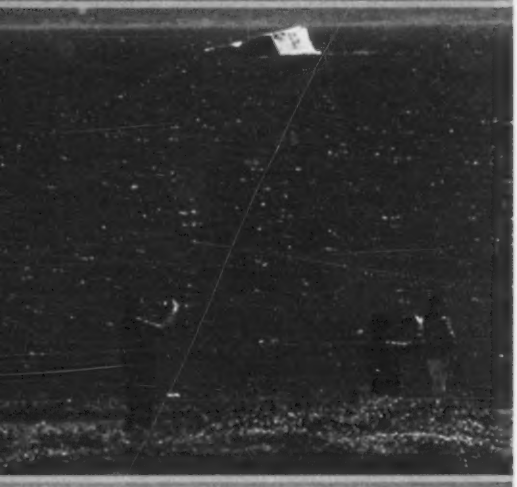


Travel and Tourism

Global and National Travel

Travel and tourism worldwide recorded gains in 2011. International tourist arrivals increased 4.4% to 980 million, according to the United Nations World Tourism Organization. Growth was positive in all major regions, except North Africa and the Middle East, which were both affected by civil unrest throughout the year.

Tourism activity at the national level was somewhat mixed in 2011. International inbound travel to Canada declined by 2.4% over the year, reflecting a continued decline in visitors from the United States, a trend that has persisted for the past decade. The number of same-day and overnight trips made by U.S. residents declined by 5.5% and 1.6%, respectively, during the year due to a weak U.S. recovery, tighter border crossing security and a stronger Canadian dollar. These losses offset a slight increase in the number of visitors from other international markets.

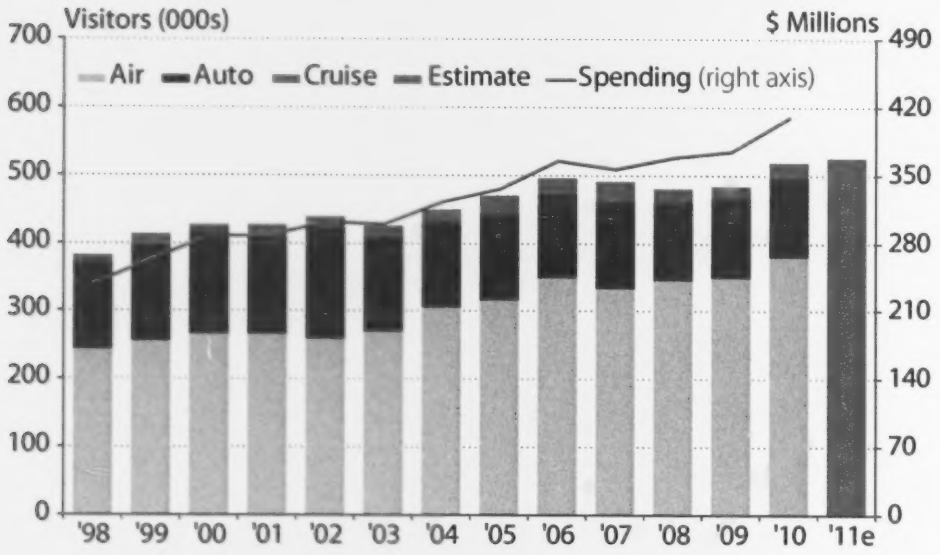
Canadian hotel occupancy rates increased by 1.0 percentage points in 2011 compared with the previous year. This increase may reflect more domestic travel activity and/or an increased length of stay in hotels by travellers.

Provincial Travel

The Newfoundland and Labrador travel and tourism industry performed well in 2011. Preliminary data indicate that the number of non-resident visitors

to the province may have been slightly higher than in 2010, a record year (see chart). Indicators also suggest that Newfoundland and Labrador's tourism sector performed more favourably than the other Atlantic provinces. The province led the region with respect to growth in overall air passenger movements, registering an 8.3% increase in passenger travel in 2011. This compares to growth of 2.4% in Nova Scotia and 1.0% in New Brunswick, and a decline of 1.5% in Prince Edward Island. Newfoundland and Labrador was also the only Atlantic province to show increases in accommodation occupancy rates and the number of room nights sold in 2011.

Non-Resident Travel and Tourism Visitors



Note: Data for 2011 is an estimate and is subject to revision. In particular, non-resident air estimates could be revised pending the results of the 2011 Air Exit Survey.

Source: Department of Tourism, Culture and Recreation

Air travel is the largest segment of the province's non-resident tourism sector, accounting for 73% of visitors and 82% of spending in 2010. This segment has been the driver of visitation growth for a number of years. The implementation of the new 12-month air exit survey in 2011 will delay the release of non-resident air visitor estimates until later in 2012. However, increases in overall air passenger data for the province suggest that non-resident visitation (by air) may have continued to rise in 2011. This overall increase reflects, in part, improvements in airline seat capacity. Inbound direct seat capacity grew 3.0% in 2011, after expanding by about 11% in 2010. The increase in 2011 was mainly driven by gains domestically. However, increases were also noted for flights from the U.S. and other international locations.

TiTANiC

2012 will mark the 100th anniversary of the sinking of the RMS *Titanic*, an event that lives on in the hearts and minds of people worldwide. Cape Race, in this province, played a pivotal role in relaying news of this historic event to other vessels in the area on the night of April 14, 1912. St. John's has also been a major port for the launching of research expeditions to the ship's final resting place in the North Atlantic.

A host of events and sites will play a role in increasing awareness of this province's connection to the *Titanic* story and increasing visitation to the province in 2012, particularly in the spring and fall of the year. These include the Myrick Wireless Interpretation Centre in Cape Race, a replica of the original radio station that was the first land station to answer *Titanic*'s distress call; a theatrical interactive simulation of ice and ocean conditions at the Centre for Marine Simulation; and other events.

Intra-provincial seat capacity increased 5.5% in 2011. Airlines significantly boosted their capacity to and within Labrador, with more flights between Goose Bay and Wabush and between Goose Bay and St. John's/Gander. Business travel associated with major project development in Labrador is one of the main drivers of this increase.

Non-resident automobile visitation declined in 2011 despite improvements in transportation infrastructure. The Marine Atlantic ferry service was boosted by an investment of over $520 million over the last couple of years. Improvements were made to onshore facilities and two new ferries were introduced to the Gulf crossing. Information released by Marine Atlantic suggests that customer satisfaction and performance rates have improved significantly. Nonetheless, automobile visitation is estimated to have declined 7.0% from 2010, down to 108,100. Declines occurred in virtually all market segments (Western Canada down 14.2%, Ontario down 12.6%, Quebec down 7.7%, the Maritimes down 2.9% and the United States down 4.6%). Travelling by auto continues to be challenged by many factors, including increasing ferry rates, rising gasoline prices and the competing convenience of air travel.

Cruise activity declined in 2011 with the number of port calls estimated to have decreased from 133 in 2010 to 76 during 2011. A contributing factor to this decline was fewer small operators with cruises based in the province. Cruise activity was also negatively impacted by poor weather and some cruise operators shortening the length of their cruise voyages. Preliminary estimates indicate that there were about 15,800 unique cruise visitors[8] in 2011, down 28.5% from 2010.

2011 was another good year for the accommodation industry. The provincial occupancy rate reached 51.0% in 2011, up 0.9 percentage points compared to 2010.

8 This figure is a Department of Tourism, Culture and Recreation estimate based on a review of itinerary information. This estimate counts passengers only once regardless of the number of ports visited. This should be distinguished from "cruise ship passenger visits", which is the industry standard, whereby passengers are counted at each port call made by their vessel.

ST. JOHN'S INTERNATIONAL AIRPORT – AIR PASSENGER GROWTH

Air travel is a mode of transportation that has been increasing for travel to and within Newfoundland and Labrador. This is clearly evident in the amount of activity at St. John's International Airport – the largest airport in the province.

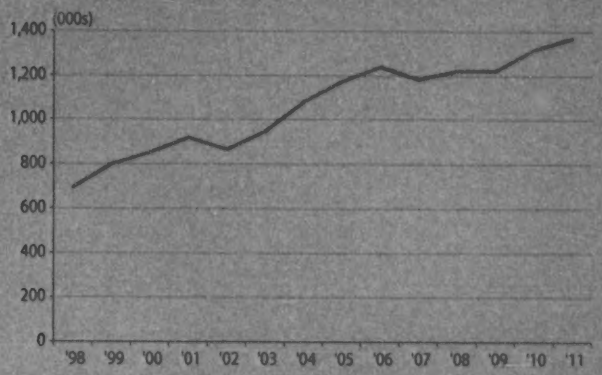
Air passenger traffic at the St. John's airport has doubled since 1998 (see chart) and has grown at a rate which is twice the national average for the period. This performance is a reflection of strong growth in the provincial economy and the increasing popularity of the St. John's area as a destination for leisure travel.

This momentum was sustained during the 2009 recession. While air travel declined about 6% in the rest of Canada during the recession, St. John's experienced a slight increase in air travelers. Growth continued, and in 2011 about 1.4 million people travelled through the airport, the highest number on record.

This fast-paced growth has not been without challenges. Between 2000 and 2002 the facility engaged in significant airport improvements designed to accommodate up to 900,000 passengers. It was anticipated that this expansion would provide adequate capacity until 2010. However, by 2004 the airport was already experiencing 1,000,000 passengers per year.

In recent years, the airport has been successful in recruiting new airlines and soliciting new destinations such that the number of available airline seats has increased by 40%.

Air Passengers – St. John's International Airport



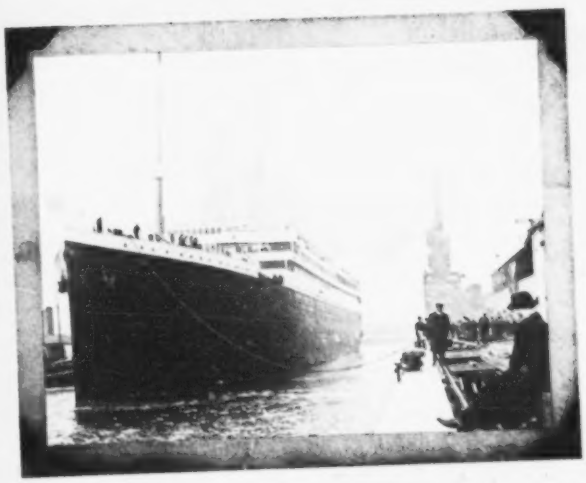
Note: Data includes enplaning and deplaning passengers
Source: St. John's International Airport Authority

In 2011, the airport announced a 10-year, $167.2 million capital program that involves a number of infrastructure projects designed to increase the accessibility of the airport and expand the facilities to accommodate the forecasted demand of 1.9 million passengers by the year 2020. These projects will ensure that the airport continues to facilitate and contribute to economic growth in the region.

TiTANiC

2012 will mark the 100th anniversary of the sinking of the RMS *Titanic*, an event that lives on in the hearts and minds of people worldwide. Cape Race, in this province, played a pivotal role in relaying news of this historic event to other vessels in the area on the night of April 14, 1912. St. John's has also been a major port for the launching of research expeditions to the ship's final resting place in the North Atlantic.

A host of events and sites will play a role in increasing awareness of this province's connection to the *Titanic* story and increasing visitation to the province in 2012, particularly in the spring and fall of the year. These include the Myrick Wireless Interpretation Centre in Cape Race, a replica of the original radio station that was the first land station to answer *Titanic*'s distress call; a theatrical interactive simulation of ice and ocean conditions at the Centre for Marine Simulation; and other events.



Intra-provincial seat capacity increased 5.5% in 2011. Airlines significantly boosted their capacity to and within Labrador, with more flights between Goose Bay and Wabush and between Goose Bay and St. John's/Gander. Business travel associated with major project development in Labrador is one of the main drivers of this increase.

Non-resident automobile visitation declined in 2011 despite improvements in transportation infrastructure. The Marine Atlantic ferry service was boosted by an investment of over $520 million over the last couple of years. Improvements were made to onshore facilities and two new ferries were introduced to the Gulf crossing. Information released by Marine Atlantic suggests that customer satisfaction and performance rates have improved significantly. Nonetheless, automobile visitation is estimated to have declined 7.0% from 2010, down to 108,100. Declines occurred in virtually all market segments (Western Canada down 14.2%, Ontario down 12.6%, Quebec down 7.7%, the Maritimes down 2.9% and the United States down 4.6%). Travelling by auto continues to be challenged by many factors, including increasing ferry rates, rising gasoline prices and the competing convenience of air travel.

Cruise activity declined in 2011 with the number of port calls estimated to have decreased from 133 in 2010 to 76 during 2011. A contributing factor to this decline was fewer small operators with cruises based in the province. Cruise activity was also negatively impacted by poor weather and some cruise operators shortening the length of their cruise voyages. Preliminary estimates indicate that there were about 15,800 unique cruise visitors[8] in 2011, down 28.5% from 2010.

2011 was another good year for the accommodation industry. The provincial occupancy rate reached 51.0% in 2011, up 0.9 percentage points compared to 2010.

8 This figure is a Department of Tourism, Culture and Recreation estimate based on a review of itinerary information. This estimate counts passengers only once regardless of the number of ports visited. This should be distinguished from "cruise ship passenger visits", which is the industry standard, whereby passengers are counted at each port call made by their vessel.

ST. JOHN'S INTERNATIONAL AIRPORT – AIR PASSENGER GROWTH

Air travel is a mode of transportation that has been increasing for travel to and within Newfoundland and Labrador. This is clearly evident in the amount of activity at St. John's International Airport – the largest airport in the province.

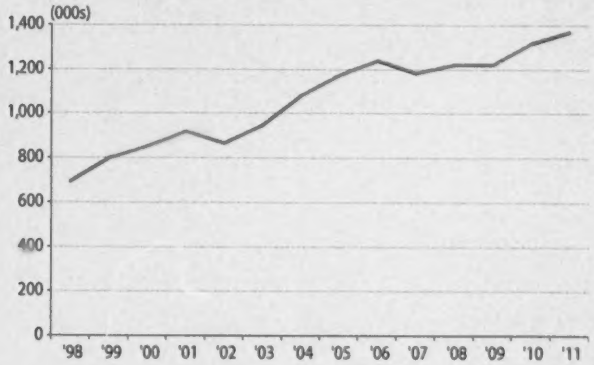
Air passenger traffic at the St. John's airport has doubled since 1998 (see chart) and has grown at a rate which is twice the national average for the period. This performance is a reflection of strong growth in the provincial economy and the increasing popularity of the St. John's area as a destination for leisure travel.

This momentum was sustained during the 2009 recession. While air travel declined about 6% in the rest of Canada during the recession, St. John's experienced a slight increase in air travelers. Growth continued, and in 2011 about 1.4 million people travelled through the airport, the highest number on record.

This fast-paced growth has not been without challenges. Between 2000 and 2002 the facility engaged in significant airport improvements designed to accommodate up to 900,000 passengers. It was anticipated that this expansion would provide adequate capacity until 2010. However, by 2004 the airport was already experiencing 1,000,000 passengers per year.

In recent years, the airport has been successful in recruiting new airlines and soliciting new destinations such that the number of available airline seats has increased by 40%.

Air Passengers – St. John's International Airport



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OUTLOOK 2012

TRAVEL and TOURISM

Global international tourist travel is forecast to increase by between 3% and 4% this year, reaching the historic one billion mark. Emerging economies are expected to lead the performance with high growth in the Asia and Pacific region as well as the Africa region.

The Conference Board of Canada expects total overnight visits to Newfoundland and Labrador (international and domestic combined) to increase by about 1% in 2012.

Airline schedules indicate a significant increase in intra-provincial seat capacity between Goose Bay and Gander/Wabush/St. Anthony, and between Deer Lake and St. John's in 2012. Direct inbound seat capacity is expected to be about the same as 2011.

Non-resident automobile travellers will enjoy continued service improvements in the ferry link between Newfoundland and Nova Scotia. However, this mode of travel could be negatively impacted by increases in fuel surcharges introduced mid-2011, plus a recent 4.0% general rate increase.

There are 95 port calls tentatively booked for the 2012 cruise season, with more expected as cruise lines finalize itineraries.

Preliminary bookings for major meetings and conventions in the St. John's area are on pace to match 2011's solid performance. The expansion planned for the St. John's Convention Centre bodes well for future event capacity.

Resident tourism is expected to benefit from solid growth in provincial employment and personal disposable income, as well as solid consumer confidence.

Gains in occupancy rates in the Avalon (up 2.3 percentage points) and Central (up 0.7 percentage points) regions offset losses elsewhere. Preliminary data also indicated an increase of 3.8% in the overall provincial average daily hotel room rate during the year.

The major meeting and convention market (those events booking 50 or more guest rooms per night) in the St. John's Metropolitan Area performed well in 2011. The region hosted 104 conferences during the year, up from 95 in 2010. The number of room nights sold was 44,400, up about 3% from 2010 and the highest level since 2007. Actual conference sizes were smaller last year, resulting in a 1.0% decrease in the number of delegates to 22,700.

The solid tourism performance in the province is attributable to several factors including increased marketing efforts. In the 2011/12 provincial budget $13 million was committed to tourism marketing, more than double the level six years ago. While the number of enquiries for information and visits to the province's official tourism website was about the same as 2010 (down 0.3%), those that did visit the site spent a longer time accessing information than in the previous years, indicating increased interest and contemplation. In addition, the province has more channels now than ever before for increasing awareness about the province, including tools such as blogs, Facebook, Twitter, Flickr and YouTube.

Promotional efforts received a significant boost early this year when National Geographic identified the East Coast Trail as one of the 10 best adventure destinations in the world for 2012. This 540-kilometre trail takes hikers along one of the most scenic and unspoiled coastlines in the world. A similar honour was announced in 2010 when *National Geographic Traveler* magazine ranked the Avalon Peninsula as the world's top rated coastal destination.

Lower Churchill Project

Prepared by: Nalcor Energy

Muskrat Falls: building for the future in Newfoundland and Labrador

The lower Churchill River is one of the most attractive undeveloped hydroelectric sites in North America and is a key component of the province's energy warehouse. The Project's two proposed installations at Muskrat Falls and Gull Island will have a combined capacity of over 3,000 megawatts (MW). The development of Muskrat Falls with a transmission link to the island is being proposed as part of Phase One of the Project to provide much needed power to island electricity consumers and to facilitate and support industrial development in Labrador.

Power is needed for the island and Labrador

Nalcor Energy's subsidiary, Newfoundland and Labrador Hydro (Hydro), has a responsibility to assess and recommend supply options to meet the province's growing energy needs. This is a function the company has been performing since the 1970s and its predecessors before it. In 2010, Hydro determined new generation was required to meet growing demand and electricity use on the island.

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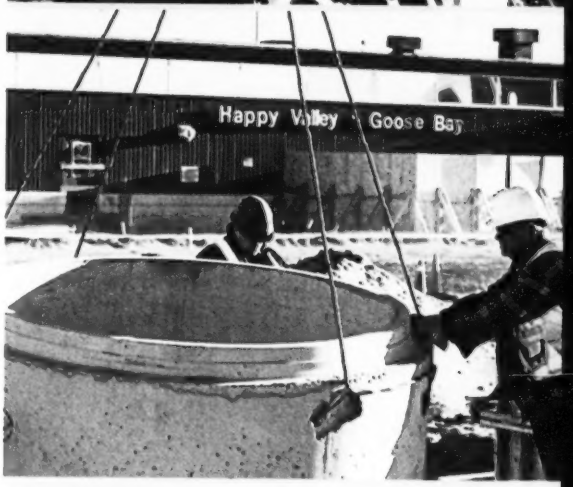
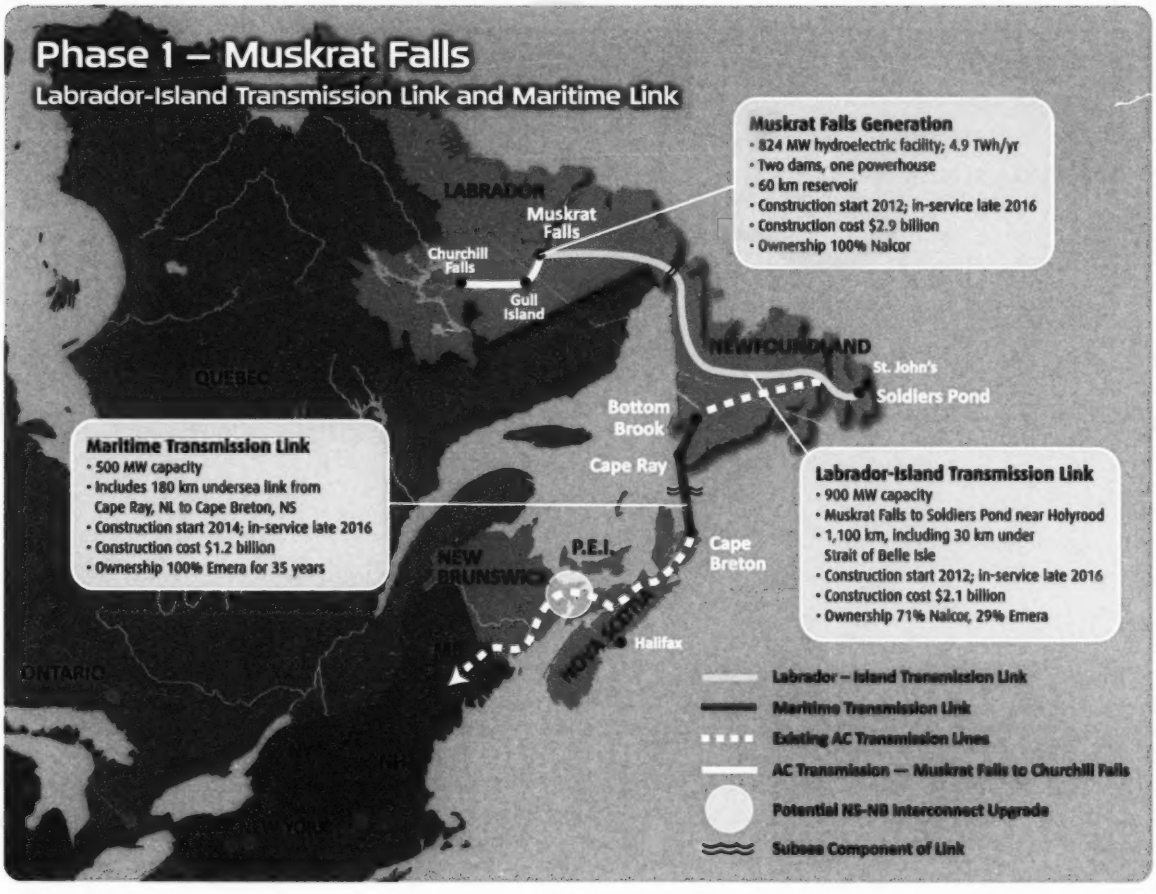


Comprehensive review of alternatives conducted

Nalcor examined a broad selection of generation supply options to meet the island's growing and long-term electricity needs including: nuclear; natural gas; liquefied natural gas; coal; continued oil-fired generation at Holyrood; simple and combined cycle combustion turbines; wind; biomass; solar; wave and tidal; hydroelectric developments on the island and Labrador; and electricity imports.

Two least-cost scenarios were developed from these options – one from options available for an isolated island of Newfoundland, and one developed from options available when the island is interconnected with the mainland. Nalcor refers to these two "buckets of options" as the Isolated Island and Interconnected Island alternatives, respectively.

The Isolated Island alternative continues to rely primarily on increased use of thermal generation, including continued operation of the aging Holyrood plant. The Interconnected Island alternative moves the island from dependence on thermal generation to the use of clean, renewable hydropower from the Muskrat Falls generation facility with a transmission link to the island.


Phase 1 – Muskrat Falls
Labrador-Island Transmission Link and Maritime Link
Muskrat Falls Generation
• 824 MW hydroelectric facility; 4.9 TWh/yr
• Two dams, one powerhouse
• 60 km reservoir
• Construction start 2012; in-service late 2016
• Construction cost $2.9 billion
• Ownership 100% Nalcor
LABRADOR
Muskrat Falls
Churchill Falls
Gull Island
QUEBEC
NEWFOUNDLAND
St. John's
Soldiers Pond
Bottom Brook
Cape Ray
Maritime Transmission Link
• 500 MW capacity
• Includes 180 km undersea link from Cape Ray, NL to Cape Breton, NS
• Construction start 2014; in-service late 2016
• Construction cost $1.2 billion
• Ownership 100% Emera for 35 years
Labrador-Island Transmission Link
• 900 MW capacity
• Muskrat Falls to Soldiers Pond near Holyrood
• 1,100 km, including 30 km under Strait of Belle Isle
• Construction start 2012; in-service late 2016
• Construction cost $2.1 billion
• Ownership 71% Nalcor, 29% Emera
NEW BRUNSWICK
P.E.I.
Cape Breton
NOVA SCOTIA
Halifax
ONTARIO
Labrador – Island Transmission Link
Maritime Transmission Link
Existing AC Transmission Lines
AC Transmission – Muskrat Falls to Churchill Falls
Potential NS-NB Interconnect Upgrade
Subsea Component of Link

Muskrat Falls provides consumers with least-cost power

The Interconnected Island alternative will mean lower electricity costs for consumers over the Isolated Island alternative. There is a $2.2 billion present value cost difference between the two alternatives in favour of Muskrat Falls (present value means what the alternatives are worth in today's dollars). Based on the analysis completed by Nalcor in 2010, continuing with the Isolated Island alternative represents 32% greater costs to electricity consumers over time than the Interconnected Island alternative.

Stabilizing electricity rates for NLers

Electricity rates on the island of Newfoundland are directly influenced today by the price of oil used to generate electricity at the Holyrood Thermal Generating Station. Rising oil prices and rising demand for power means that electricity rates are increasing on the island. In 2017, with stable and renewable hydropower from Muskrat Falls, rates for consumers will stabilize with minimal variation or increases. With Muskrat Falls, generations of Newfoundlanders and Labradorians will benefit from low-cost hydropower. The benefits of clean, renewable hydropower can be seen in other jurisdictions in Canada with low stable electricity rates such as British Columbia, Manitoba and Quebec.

Partnership with Emera facilitates returns for NL

Nalcor has entered into an agreement with Nova Scotia's Emera Inc. that will see Emera invest $1.2 billion to construct the Maritime Transmission Link. Nova Scotia will receive 20% of Muskrat Falls' power over a 35-year period. At the end of 35 years, ownership of the Maritime Link will revert to this province. Under the terms of the contract, Nalcor will have access to about 70% of the Maritime Link's capacity at no cost. Nalcor can use the link to transmit any surplus power from Muskrat Falls, as well as energy from any new renewable generation sources developed in Newfoundland and Labrador. The link will also allow imports of power, facilitating increased reliability for consumers.

Muskrat Falls developed to meet needs in NL

When the Muskrat Falls Generating Station and the Labrador-Island Transmission Link come into service, expected in 2017, initially 40% of the power will be used on the island and 20% will be transmitted to Nova Scotia under the terms of the Emera contract. The remaining 40% may be used in Labrador to support industrial development or it may be sold into export markets until it is required in Newfoundland and Labrador. Emera has transmission capacity and access to markets in the

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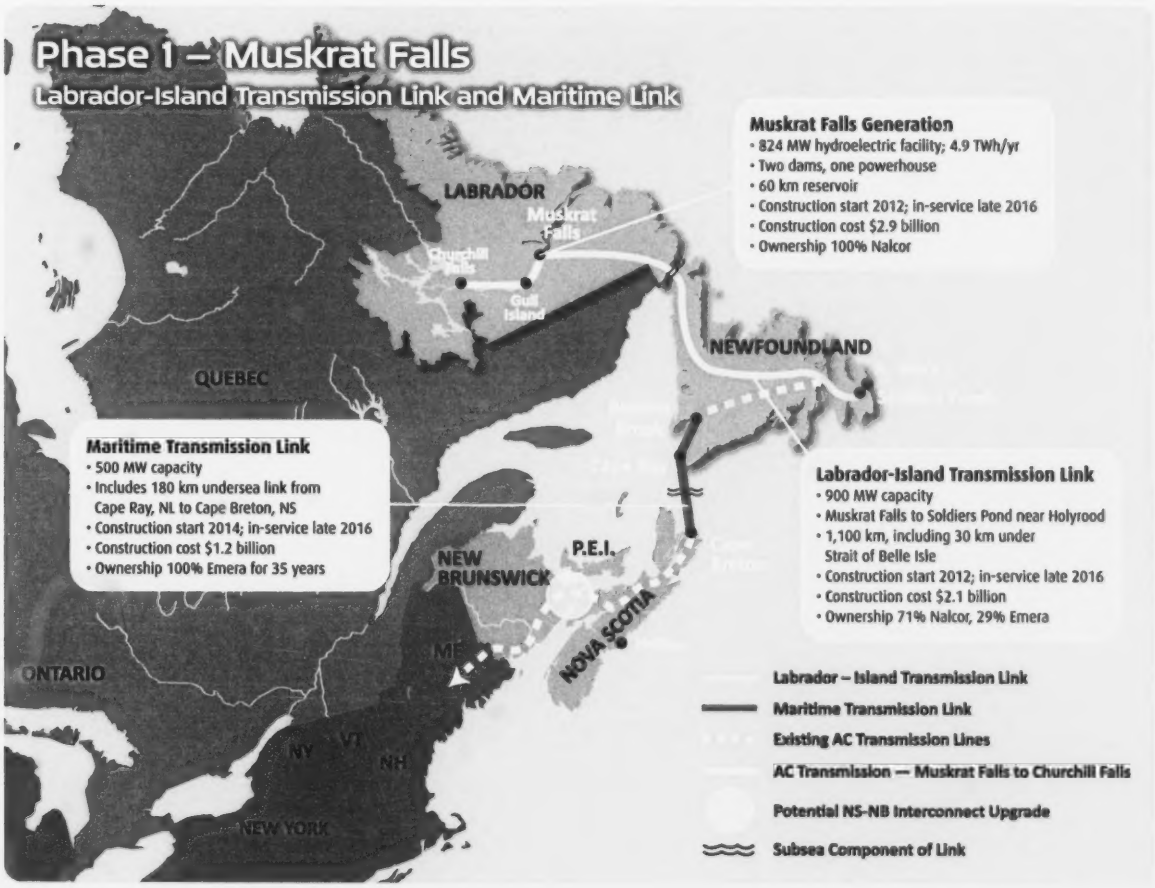
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Maritimes and New England, enabling Nalcor to sell and transmit surplus power to the Maritimes and northeastern US markets. Over time, the additional 40% will be used in Newfoundland and Labrador to meet the province's growing domestic and industrial energy needs.

Managing large projects takes a commitment to the best processes

Nalcor is using the best processes, practices and hiring the best people to build Muskrat Falls. The decision gate (DG) or staged process is an industry-accepted best practice approach for decision making for major capital projects. Nalcor uses the DG process, recognized as a credible and proven process that provides checks and balances required by decision makers to demonstrate that an acceptable level of readiness has been achieved to progress the project through a decision gate.

There are four gates in the Lower Churchill (Muskrat Falls and Labrador-Island Transmission Link) projects up to, and including, first power. Nalcor is currently progressing towards DG3 or project sanction.

Nalcor has also implemented a thorough best-in-class risk management program built on lessons learned from other mega-projects in Newfoundland and Labrador and around the world. The company has hired the best team—including Newfoundlanders and Labradorians who have worked around the world, and in this province, managing and constructing large capital jobs.

Development will bring short and long-term benefits to NL

Benefits agreements

As the province's energy corporation, Nalcor is committed to building strong relationships with the people of the province and securing long-term benefits for future generations. This includes the company's partnership with the Labrador Innu. The finalization of the Impacts and Benefits Agreements and the signing in 2011 of the New Dawn Agreement means the Labrador Innu will see substantial annual revenues from Muskrat Falls.

The Benefits Strategy between Nalcor and the province outlines a construction hiring protocol for the generating stations and transmission link to the island. The protocol requires that Nalcor first honour commitments made to Aboriginal groups through any signed impacts and benefits agreements. After these commitments are met, first consideration for employment will be given to qualified residents of Newfoundland and

Labrador. For construction of the generation project, qualified residents of Labrador will be considered first.

Economic and employment benefits

The development of Muskrat Falls and the future development of Gull Island and the associated transmission lines offer substantial employment, income and taxation benefits to all Newfoundlanders and Labradorians and the rest of Canada.

For the Muskrat Falls Project, it is estimated that in the peak construction year, employment will reach 2,700 people, with thousands more indirect jobs created over the life of the Project. More than 75% of direct labour for the Muskrat Falls generating facility will happen in Labrador.

Other economic benefits include:

Newfoundland and Labrador	Phase One (Muskrat Falls)	Phase Two (Gull Island)
Total income to labour and business	$1,430 million	$1,400 million
Average income benefits per year	$220 million	$175 million
Taxes to provincial government	$212 million	$211 million
Employment after construction	115 direct full-time jobs during the Project's operational life	

Long-term benefits

Hydro projects have a long-term life with low operating and maintenance costs that benefit electricity consumers across many generations. Unlike thermal generation where price is controlled by global factors outside domestic control, domestic hydropower is a secure and stable source of electricity.

A practical example of the benefits of hydropower from the province's own history is the development of the 604 MW Bay d'Espoir project built between the late 1960s and late 1970s. The investment resulted in a strong hydro generation fleet that anchored the province's electricity rates to the fourth lowest in the country, generally behind British Columbia (95% hydro supplied), Manitoba (98% hydro supplied) and Quebec (98% hydro supplied).

With Muskrat Falls, electricity generation in Newfoundland and Labrador will be 98% renewable. Electricity consumers and businesses will benefit from rate stability and predictability that comes from hydropower. An investment in Muskrat Falls also lays the foundation for future electricity exports.

The time to invest in secure and stable electricity generation is now

In addition to Muskrat Falls being the least-cost way to meet the province's increasing demand for power, the timing to develop Muskrat Falls is ideal. Interest rates are low and the federal government has agreed to provide a loan guarantee for the project. As well, an agreement is in place with the Labrador Innu and a water management agreement has been signed with Churchill Falls (Labrador) Corporation. The provincial and federal governments have also released the generation project from environmental assessment.

The future with Gull Island – further benefits to Newfoundland and Labrador

If sanctioned by the Government of Newfoundland and Labrador, after Muskrat Falls is constructed and once export markets are secured, Nalcor will be in a position to proceed with the development of Gull Island (2,250 MW), which may be used for industrial developments in Newfoundland and Labrador as well as for export. Until that time, the focus remains on developing Muskrat Falls to meet the province's own energy needs.

Inventory of Major Capital Projects

The inventory of major projects provides information on capital projects and spending programs in Newfoundland and Labrador valued at $1 million or more. The list includes both public[9] and private projects that are either continuing or beginning in the current year. In many cases the capital spending figure quoted includes spending from previous years. The inventory was prepared between January and March 2012.

According to this year's inventory, about $28 billion in major capital spending is planned or underway in the province. The Mining, Oil and Gas category tops the list at about $13 billion (see the table on page 76). The Hebron oil project is the single largest item in the category with a total estimated cost of $8.3 billion. Utilities is the second largest category in the listing (the estimated $6.2 billion Muskrat Falls project is the largest project in this category). Industrial/Manufacturing is third in size, mainly reflecting the estimated US$3.6 billion nickel processing facility at Long Harbour. Public sector spending is also significant in the listing as evidenced by figures in categories such as Transportation, Municipal Infrastructure, Health Care/Personal Care and Education.

9 Readers will note that in some project descriptions government is identified as a source of funding. This reference, in most cases, is based on information provided by the project's proponent and should not be interpreted as an announcement by government of funding approval. Readers should also note that while every effort has been made to identify projects and research information, this list is not exhaustive. The information was gathered at one point in time and in some cases protecting the requested confidentiality of information has prohibited the publishing of projects. Readers should not base investment or business decisions on the information provided.

The listing on the following pages is organized by project type (e.g. Commercial, Health Care/Personal Care, Transportation). Key information is included, such as project name, capital cost, start and end date, and description. When possible geographic information is also provided, including community and economic zone. Readers can find a map illustrating the location of each economic zone in the province on page 93.

An asterisk (*) by a project name denotes that the project has a start and end date on a fiscal year basis (e.g. start/end denoted as 2012 refers to the project starting and ending in fiscal year 2012-13; start/end denoted as 2012/2013 refers to the project starting in fiscal year 2012-13 and ending in fiscal year 2013-14). All other years are reported on a calendar year basis.

The major project listing is also available on the Economic Research and Analysis Division's website (www.economics.gov.nl.ca) in a searchable database. The online database includes search capabilities by Industry, Community and Economic Zone. As well, there is a feature that allows readers to help identify projects for future lists.

TBD: To be determined
NA: Not available

Major Projects ($ Millions)

Mining and Oil & Gas	12,792.5
Utilities	6,414.6
Industrial/Manufacturing	3,989.4
Transportation	1,162.0
Municipal Infrastructure	1,124.0
Residential	878.1
Health Care/Personal Care	593.6
Tourism/Culture/Recreation	352.9
Education	320.6
Other Investment	310.9
Commercial	181.9
Agriculture/Fishery/Forestry	103.9
Total	**28,224.4**

Note: Some projects contain ranges for their capital cost. In these cases, the mid-point of the range was used in the summations above. Capital costs for some projects were not available. As a result, their cost is not reflected in the table above.

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Agriculture/Fishery/Forestry				
Aquaculture Investment	15.5	2010/2012	9	Northern Harvest Sea Farms Newfoundland Ltd./Northern Harvest Smolt Ltd. - establishment of a salmon hatchery. Partial provincial/federal funding. (Near Stephenville)
Aquaculture Operation	36.0	2009/2014	13	Gray Aqua Group Ltd. - establishment of a 20-site aquaculture operation consisting of 16 salmon sites and four trout sites. As well, the construction of a processing plant in Hermitage. Partial funding from ACOA and the provincial government. (Bay d'Espoir, Hermitage)
Farm Enhancement	4.0	2010/2012	9	New World Dairy Inc. - installation of an anaerobic digester and methane gas capture system to help reduce greenhouse gas emissions. Includes $990,000 contribution from the Newfoundland and Labrador Green Fund. (St. David's)
Foreign Animal Disease Laboratory*	3.8	2011/2012	19	Establishment of a foreign animal disease laboratory to help manage the risks of animal diseases that pose threats to industry or human health. Provincial and federal funds. (St. John's)
Forest and Agriculture Access Roads*	6.1	2012/2012	Various	Construction of access roads on Crown land. Provincial funds. (Various)
Harbour Development*	10.0	2012/2012	Various	Fisheries and Oceans Canada - Small Craft Harbours program. An ongoing program consisting of fishing harbour repairs, maintenance and development. Federal funds. (Various)
Salmon Aquaculture Operation	10.0 - 11.5	2010/2012	13	Northern Harvest Sea Farms Newfoundland Ltd. - expenditures in marine improvements to support salmon farming operations. Partial provincial/federal funding. (Connaigre Peninsula)
Wharves*	17.7	2012/2013	13	Funding for the repair/reconstruction of the former Transport Canada wharf in Milltown; an extension to the biosecure wharf in Pool's Cove; and construction of biosecure wharves in Harbour Breton and Belleoram. Provincial and federal funds. (Harbour Breton, Belleoram, Milltown, Pool's Cove)
Commercial				
Building Renovation	2.0	2011/2012	19	KMK Capital Inc. - renovation of the Tiffany Village Business Centre and KMK Capital head office. (St. John's)
Building Upgrade	5.0	2011/2012	19	Fortis Properties Corporation - recladding of the TD Building on Water Street. This major upgrade will result in an enhanced exterior facade and address maintenance requirements. (St. John's)
Business Park	NA	2012/2018	19	KMK Capital Inc. - construction of the Field Power Centre, a 50.44-acre retail and industrial development located off Torbay Road. (St. John's)
Business Park	NA	2011/2015	19	Town of Conception Bay South - development of "Gateway at Conception Bay South", a 100-acre retail park located on Legion Road. (Conception Bay South)
Car Dealership	NA	2011/2012	19	61050 Newfoundland and Labrador Inc. - showroom expansion at the existing Jeep, Chrysler, Dodge, Fiat dealership. (St. John's)
Commercial Building	NA	2011/2012	15	Kent Building Supplies, a subsidiary of J.D. Irving Limited - construction of a 53,000 sq. ft. home improvement store. (Clarenville)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Commercial Building	NA	2011/2012	19	Redwood Construction Limited - construction of a commercial building for an orthodontic clinic/office on 1 White Rose Drive. (St. John's)
Commercial Development	5.9	2011/2012	19	East Port Properties Limited - construction of two flex-warehouse buildings on Beclin Road. (Mount Pearl)
Commercial Development	NA	2011/2012	19	Kent Building Supplies a subsidiary of J.D. Irving Limited - construction of an 80,000 sq. ft. contractor store on Messenger Drive. (St. John's)
Commercial Development	8.0	2012/2012	17	Veterans Memorial Business Park - development of a 241-acre business park. The park will consist of 100 acres of retail space; 100 acres of commercial and light industrial space and 41 acres of roadworks, infrastructure and green space. To be located near Spaniard's Bay on the intersection of Route 73 and Route 70. Capital costs are for infrastructure development in 2012. (Spaniard's Bay)
Commercial Development	65.0	2010/2013	19	East Port Properties Limited - demolition of a former department store in downtown St. John's and construction of a new building that will include 182,000 sq. ft. in office and retail space as well as 446 parking spaces. The City of St. John's is contributing $5 million towards parking spaces. (St. John's)
Mall Expansion	NA	2011/2012	19	Crombie Developments Limited - construction of four stores at the Avalon Mall covering 21,000 sq. ft. (St. John's)
Office Building	50.0	2011/2013	19	Fortis Properties Inc. - construction of a 12-storey, 152,000 sq. ft. Class A office building with 183 parking spaces located at the corner of Springdale Street, New Gower Street and Hamilton Avenue. (St. John's)
Office Building	20.0	2012/2013	19	Prescient ICI Inc. - construction of an 80,000 sq. ft. LEED certified office building at the corner of Portugal Cove Road and Major's Path. (St. John's)
Office Buildings	8.0	2011/2013	19	Karamar Holdings Limited - construction of two four-storey office buildings to be located on Kelsey Drive. The buildings will total 80,000 sq. ft. (St. John's)
Restaurants	12.0	2012/2012	19	Harbour Walk Hospitality Group Inc. - construction of a two-storey, 16,000 sq. ft. building on the St. John's waterfront. Will house two new restaurants. (St. John's)
Self-storage Facility	2.5	2011/2012	19	Metro Self Storage Inc. - construction of a 23,000 sq. ft. self-storage facility on Kenmount Road. (St. John's)
Strip Mall	1.5	2012/2012	19	11446 Newfoundland and Labrador Inc. - construction of a 12,000 sq. ft., eight-unit strip mall on Torbay Road. (Torbay)
Tank Farm	2.0	2011/2012	19	Pardy's Holdings Limited - construction of an enclosed tank farm to store water based drilling mud. (Mount Pearl)
Education				
Building Expansion	6.8	2012/2013	19	Memorial University of Newfoundland - construction of a single storey extension to the S.J. Carew Building. Extension will provide 1,000 sq. metres of usable office space. (St. John's)
Campus Maintenance*	10.0	2012/2012	8, 19	Annual maintenance of various Memorial University of Newfoundland buildings. Provincial funds. (Corner Brook, St. John's)
Faculty of Medicine Expansion*	21.8	2009/2013	19	Expansion to the existing Faculty of Medicine at Memorial University of Newfoundland to accommodate an increase from 60 to 80 students and enhancement to programs. Provincial funds. (St. John's)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Laboratory Upgrades*	5.0	2012/2012	8, 19	Laboratory upgrades at Memorial University of Newfoundland. Provincial funds. (Corner Brook, St. John's)
Ocean Research and Infrastructure*	20.5	2010/2013	19	Memorial University of Newfoundland - creation of facilities for the study of cold-water and deep-sea organisms, infectious diseases affecting marine animals, invasive aquatic species and ecosystems at the Ocean Sciences Centre. The funding will be used for the construction of new buildings, laboratories, research facilities and equipment. Primarily funded by the provincial and federal governments. (Logy Bay-Middle Cove-Outer Cove)
Renovations to Student Residences*	45.5	2007/2013	8, 19	Renovations to existing student residences at Memorial University's St. John's and Grenfell campuses. Projected maximum expenditures of $16.0 million for the 2012/13 fiscal year. Provincial funds. (Corner Brook, St. John's)
Research Facility	7.0	2010/2013	19	Construction of the Centre for Arctic Resource and Development (CARD) at C-Core. CARD is being developed to conduct medium- to long-term research and development to improve the capacity and capability of hydrocarbon development in the Arctic and ice/iceberg prone regions. Expected expenditures of $6.4 million in 2012/13. Provincial contributions. (St. John's)
Residences*	88.3	2008/2013	8, 19	Construction of new student residences at Memorial University's St. John's and Grenfell campuses. Projected maximum expenditures of $51.6 million for the 2012/13 fiscal year. Provincial funds. (Corner Brook, St. John's)
School Construction and Renovations*	115.7	2012/2012	Various	Various activities including new school construction, renovations, extensions and major maintenance projects. Provincial funds. (Various)
Health Care/Personal Care				
Diagnostic Imaging Space*	29.8	2009/2015	19	Construction of space to accommodate a new Positron Emission Tomography (PET) scanner and to co-locate the PET/Cyclotron and nuclear medicine services in a single location. Provincial funds. (St. John's)
Emergency Department Redevelopment*	4.1	2009/2012	19	Redevelopment of the Emergency Department at St. Clare's Mercy Hospital. Provincial funds. (St. John's)
Forensic and Developmentally Delayed Units Renovations*	1.0	2010/2012	19	Renovations to the forensic and developmentally delayed units at the Waterford Hospital site. Provincial funds. (St. John's)
Health Care Facilities*	71.6	2012/2012	Various	Expenditures for renovations and upgrades to existing health facilities. Includes $45 million for equipment purchases. Provincial funds. (Various)
Health Centre*	90.0	2007/2013	2	Construction of a new Labrador West Health Centre to replace the existing Captain William Jackman Memorial Hospital. Also includes space for community-based health services. Provincial funds. (Labrador City)
Health Centre*	8.3	2007/2012	6	Construction of a new health centre to replace the existing Strait of Belle Isle Health Centre. Provincial funds. (Flower's Cove)
Health Centre*	Pending Planning and Engineering	TBD	11	Construction of a new health centre to replace the existing Green Bay Health Centre. Provincial funds. (Springdale)
Health Centre*	1.4	2011/2012	14	Construction of a new health centre to replace the existing Glovertown Health Centre. Provincial funds. (Glovertown)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Health Centre*	1.7	2010/2012	16	Construction of a new facility to provide primary health care services to residents of the Burin Peninsula North area. Provincial funds. (Boat Harbour)
Hospital Redevelopment*	30.1	2009/2013	12	Renovations and redevelopment of the Central Newfoundland Regional Health Centre. Provincial funds. (Grand Falls-Windsor)
Hospital Redevelopment*	Pending Planning and Engineering	2006/TBD	14	Renovations and redevelopment of the James Paton Memorial Hospital. Provincial funds. (Gander)
Hospital*	Pending Planning and Engineering	2010/TBD	8	Construction of a new regional hospital to replace the existing Western Memorial Regional Hospital. Provincial funds. (Corner Brook)
Long-Term Care Home and Ambulatory Care Redevelopment*	108.2	2009/2014	17	Construction of a new long-term care home and funding for the redevelopment of the ambulatory care area at Carbonear General Hospital. Provincial funds. (Carbonear)
Long-Term Care Home and Dementia Bungalow*	29.9	2006/2012	14	Construction of new space for 63 residents, including a 12-bed protective care facility, as well as the development of clinical space for laboratory and x-ray services and an after-hours clinic. Provincial funds. (Lewisporte)
Long-Term Care Home Redevelopment*	3.0	2012/2012	8	Redevelopment of vacant wing to provide additional long-term care bed capacity. (Corner Brook)
Long-Term Care Home*	150.0	2008/2013	19	Construction of a new long-term care home to replace the existing Hoyles Escasoni Complex. Provincial funds. (St. John's)
Mental Health Facility*	Pending Planning and Engineering	TBD	19	Construction of a new mental health facility to replace the existing Waterford Hospital. Provincial funds. (St. John's)
Protective Care Residence*	Pending Planning and Engineering	TBD	15	Construction of a 12-bed protective care facility to accommodate residents with mild and moderate dementia. Provincial funds. (Clarenville)
Protective Care Residence*	1.7	2010/2012	15	Construction of a 12-bed protective care facility to accommodate residents with mild and moderate dementia. Provincial funds. (Bonavista)
Redevelopment of Hospitals*	Pending Planning and Engineering	TBD	19	Renovations and redevelopment of hospitals in St. John's. Provincial funds. (St. John's)
Research Centre*	37.0	2009/2013	19	Construction of an interdisciplinary research centre in human genetics at Memorial University of Newfoundland. Includes an $11.2 million contribution from the Canadian Foundation for Innovation. (St. John's)
Ronald McDonald House	6.5	2010/2012	19	Ronald McDonald House of Newfoundland and Labrador Inc. - construction of a building specifically designed to provide a home environment for sick children, their siblings and their parents who live in other regions of the province. The structure will contain approximately 17,000 sq. ft. of living space and will consist of 14 units. Provincial contribution of $500,000. (St. John's)
Treatment Centre for Adults with Addictions*	1.5	2010/2013	17	New treatment centre for adults with addictions. Provincial funds. (Harbour Grace)
Treatment Centre for Children and Youth with Complex Mental Health Needs*	8.3	2009/2013	19	Construction of a new treatment centre for children and youth with complex mental health needs. Provincial funds. (Paradise)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Treatment Centre for Youth with Addictions*	9.5	2009/2013	12	Construction of a new treatment centre for youth with addictions. Provincial funds. (Grand Falls-Windsor)
Industrial/Manufacturing				
Capital Expenditures	60.0	2012/2012	15	North Atlantic Refining Ltd. - ongoing capital expenditures. (Come By Chance)
Crab Processing Facility	4.5	2011/2013	4	Labrador Fishermen's Union Shrimp Company Limited - new facility to replace older crab processing plant in community. (Mary's Harbour)
Debottlenecking Projects	300.0	2010/2013	15	North Atlantic Refining Ltd.- upgrade of existing refinery facility to remove process constraints and permit improved production and efficiency. Projected expenditures of $60 million for the 2012 year. (Come By Chance)
Facility Upgrade	1.1	2011/2012	19	Browning Harvey Limited - installation of eco-efficient production capability in an existing bottling facility. (St. John's)
Harvesting and Processing Enhancements	5.0	2012/2012	Various	Ocean Choice International - expenditures on the fishing fleet and five fish processing facilities. (Various)
Industrial Expansion	5.0 - 8.0	2012/2013	2	Two phase expansion of the Wabush Industrial Park. Phase I will consist of 40-42 lots and Phase II will add another 28 lots covering 120 acres in total. (Wabush)
Industrial Land Development	2.0	2012/2013	19	Baine Johnston Properties Ltd. - development of 30 acres of industrial land off East White Hills Road. Capital cost covers the installation of water/sewer and roads. (St. John's)
Industrial Land Development	5.0	2012/2012	19	Karwood Estates Inc.- development of 52 acres of industrial land on Bremigens Pond. (Paradise)
Nickel Processing Facility	US$3,600.0	2009/2013	18	Vale Newfoundland and Labrador Limited - construction of a nickel processing facility with an annual capacity of 50,000 tonnes of finished nickel. Capital expenditures of US$1.2 billion expected in 2012. (Long Harbour)
Paper Mill Expenditures	1.7	2012/2012	8	Corner Brook Pulp and Paper Limited - routine capital and forest access road expenditures. (Corner Brook)
Shellfish By-product Processing Technology	3.6	2011/2012	17	Quinlan Brothers Limited - establishment of a shellfish by-product processing facility and laboratory that takes shellfish waste and converts it into chitin-chitosan. (Bay de Verde)
Mining and Oil & Gas				
Capital Expenditures	500.0	2012/2012	NA	Husky Energy Inc. - development and sustaining capital for Husky's oil interests in offshore Newfoundland. Work includes completion of West White Rose water injector, continued development drilling at North Amethyst, continued evaluation of the wellhead platform concept for White Rose as well as maintenance expenditures on the White Rose and Terra Nova FPSOs. (Husky's expenditures on *Terra Nova FPSO* also included in the project Oil Related Capital Expenditures - Terra Nova.) (Offshore Newfoundland)
Capital Expenditures	15.6	2012/2012	12	Teck Duck Pond Operations - planned expenditures to sustain mining and milling operation. (Millertown - Buchans Area)
Direct Shipping Iron Ore Project	70.0	2012/2012	2	Labrador Iron Mines Holdings Limited - annual expenditures towards continued development of the open pit iron ore mining project (which started producing mid-2011) as well as expenditures for the first phase of development of the Houston deposit. (Northwestern Labrador)

Project	*Capital Cost ($M)*	*Start/ End*	*Zone*	*Comments (Location)*
Direct Shipping Iron Ore Project	5.3	2012/2013	2	Tata Steel Minerals Canada Ltd./New Millennium Capital Corp. - development of the Joan Lake Direct Shipping Ore Project which involves mining of iron ore from six deposits in western Labrador. The iron ore will be processed at facilities in the Elross Lake area. Spending reflects purchase of haul truck and road development. (Northwestern Labrador)
Direct Shipping Iron Ore Project	335.0	2011/2013	2	Tata Steel Minerals Canada Ltd. - reopening of former iron ore mines. Includes the construction of a processing plant, rail and camp facilities, and a power plant. Approximately 75% of the project cost will be spent in Newfoundland and Labrador with the remaining slated for Quebec. (Elross Lake Area)
Facility Upgrade and Improvements	110.0 - 115.0	2010/2012	2	Cliffs Natural Resources Inc. - investment to improve the operation of Wabush Mines. $30-$35 million to replace existing equipment and to acquire new equipment; $20 million to improve reliability of equipment in the concentrator; and up to $30 million for environmental projects. Figure also reflects $30 million for full implementation of a manganese reduction project. Estimated expenditures of $33.5 million for 2012. (Wabush)
Hebron Oil Development	8,334.0	2010/2024	NA	ExxonMobil Canada and proponents - development of the Hebron oilfield. The Hebron project, located approximately 340 kilometres offshore, is a joint venture among ExxonMobil Canada, Chevron Canada, Suncor, Statoil Canada, and Nalcor Energy - Oil and Gas. The Hebron field is estimated by industry to contain between 660 and 1,055 million barrels of recoverable reserves. Construction of the gravity based structure is expected to start in 2012 and production of oil is expected to begin in 2017. Expenditures cover capital costs to 2024 when the initial drilling program concludes. Production is expected to continue until 2046. (Offshore Newfoundland)
Hibernia Southern Extension Unit	1,700.0	2011/2015	NA	ExxonMobil and co-venturers - development to enable the production of oil from the Hibernia South Extension Unit. Includes the drilling of production wells from the existing Hibernia GBS; the drilling of subsea water injection wells from a mobile drilling unit; and GBS topsides modifications. (Offshore Newfoundland)
Mine Expansion (Phase I & II)	828.0	2010/2013	2	Iron Ore Company of Canada - expansion project (Phase I and II) to increase mine production from 18 million tonnes to 23.2 million tonnes of concentrate. Phase I expansion is currently being commissioned. Phase II commissioning expected in 2013. (Labrador City)
Mine Reactivation	98.1	2012/2014	16	Newspar - reactivation of an underground fluorspar mine, expansion of the existing mill, construction of a new tailings management facility, and building of a new marine terminal, including a deep-water wharf. Provincial repayable contribution of $17 million towards construction of the wharf. (St. Lawrence)
Mineral Exploration	234.0	2012/2012	Various	Expenditure estimates prepared by the Department of Natural Resources for mineral exploration and deposit appraisal. Regional breakdown: $173 million in Labrador and $61 million for the Island. (Various)
Oil Related Capital Expenditures - Terra Nova	560.0	2012/2012	Various	Suncor Energy Inc. and partners - *Terra Nova FPSO* maintenance as well as development drilling for Terra Nova. (Offshore Newfoundland)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Municipal Infrastructure				
2011 Municipal Capital Works Program*	101.3	2011/2013	Various	Program to assist municipalities in construction of local infrastructure. Cost-sharing varies with each project, however, the province's total cost is estimated at $84.3 million and municipalities are expected to contribute approximately $17.0 million. (Various)
Administrative Building	9.0	2012/2014	19	Town of Conception Bay South - construction of a new administration building adjacent to the town's recreation complex at Rideout's Road. Includes some provincial funding. (Conception Bay South)
Building Canada Fund - Communities and Base Component*	200.2	2009/2014	Various	Program to assist municipalities in improving infrastructure. Federal/provincial/municipal cost-shared. Total cost excludes funding for Recreation Complex in Mount Pearl. (Various)
Canada/Newfoundland and Labrador Municipal Rural Infrastructure Fund (MRIF)*	95.9	2006/2013	Various	Investment in municipal and rural infrastructure projects. These projects will focus on the renewal, expansion and construction of new community infrastructure. Federal/provincial/municipal cost-shared program. (Various)
Federal Gas Tax Program*	144.4	2006/2014	Various	Funding agreement allocating municipalities' revenues from gas taxes. These funds are to be invested in capital projects that result in environmentally sustainable municipal infrastructure. Federal funds. (Various)
Multi-year Municipal Capital Works*	303.5	2008/2013	Various	Program to assist municipalities in construction of local infrastructure. Cost-sharing varies with each project, however, the province's total cost is estimated at $252.9 million and municipalities are expected to contribute approximately $50.6 million. (Various)
Solid Waste Management Strategy*	200.0	2007/2020	Various	This program provides funding to support planning and infrastructure associated with the implementation of the Provincial Waste Management Strategy. Funding is sourced from the federal/provincial gas tax agreement and direct provincial funding. (Various)
Upgrades and Repairs to Sewage Treatment Facilities	2.7	2011/2012	19	City of St. John's - repairs to the Riverhead Wastewater Treatment Facility related to the lining of the digester tanks. (St. John's)
Water and Sewage Treatment Facilities (Canada Strategic Infrastructure Fund II)*	67.0	2009/2012	8, 3	Two projects, the Corner Brook Water Treatment Facility and the Happy Valley-Goose Bay Sewage Treatment Facility. Federal/ provincial/municipal cost-shared. (Corner Brook, Happy Valley-Goose Bay)
Residential				
Affordable Housing Construction	8.5	2012/2012	8, 19	Newfoundland and Labrador Housing Corporation - affordable housing construction. Projects include a building with 12 units for seniors and 24 units for non-elderly persons in St. John's and two homes in Corner Brook. St. John's projects cost-shared with the City of St. John's. Federal contribution of $1 million. (Corner Brook, St. John's)
Affordable Housing Program*	83.1	2003/2014	Various	Newfoundland and Labrador Housing Corporation - the objective of this program is to increase the supply of affordable housing in Newfoundland and Labrador by providing forgivable loans to assist in the creation of new affordable rental housing. Federal/provincial cost-shared on a 50/50 basis. $8.4 million to be spent in 2012/13. (Various)
Apartment Building	14.4	2012/2013	19	Killam Properties Inc. - construction of a 71-unit, four-storey apartment building on Churchill Avenue. (St. John's)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Apartment Renovations	7.0	2012/2012	2, 14, 19	Northern Property Real Estate Investment Trust - capital improvements, renovations and upgrades on various apartment buildings. (Labrador City, Gander, St. John's)
Community Development	20.0	2010/2016	19	Canada Lands Company Limited - redevelopment of the Pleasantville area into a residential community with a mix of housing types including single-family dwellings, townhomes, apartments, and condominiums. Opportunities for some commercial space are also being considered. Expenditure figure covers land development costs only. Activities in 2012 include initial infrastructure development (i.e. water, sewer and electricity). (St. John's)
Community Development	NA	2012/2022	19	Leopard Development Limited - construction of a mixed commercial and residential (400 dwelling units) community along the north side of Blackmarsh Road named "Hillside Living". The development will include a mixture of condominiums, single homes, walking trails and commercial and retail space. (Mount Pearl)
Condominium Development	30.0	2012/2016	19	Nolan Hall Real Estate Ltd. - development of Parkside Condominiums, four condominium apartment buildings containing 284 units located near Holbrook Avenue. To be completed in four phases. (St. John's)
Condominium Development	10.0	2010/2012	19	Powder House Hill Investments Limited - construction of six four-storey condominium buildings each containing eight units, on the former Standard Manufacturing site at 2-18 Water Street. (St. John's)
Condominium Development	14.0	2008/2015	8	Bayview Estates Inc.- construction of a 50 unit development called "Bayview Condominiums". 12 units completed. 22 units to be constructed in 2012. (Corner Brook)
Condominium Development	1.3	2012/2013	19	Snellen Holdings Co. Ltd.- development of 10 residential condominium units, a hydroponic lettuce farm and a laundromat from an existing building on Hamilton Avenue. (St. John's)
Condominium Development	18.0	2012/2013	19	Redwood Management Ltd. - construction of a 68,020 sq. ft., four-storey building on Topsail Road containing 52 units plus a parking garage. (St. John's)
Condominium Development	17.0	2010/2012	19	Belvedere Development Corporation - construction of a 44-unit condominium building with a 47-stall parking garage and 11 outdoor parking spaces located on Margaret's Place. (St. John's)
Condominium Development	6.5	2011/2012	19	Gibraltar Development Limited - development of a four-storey, 22 unit condominium building on New Cove Road. (St. John's)
Condominium Development	100.0	2012/2016	19	KMK Capital Inc. - development of Tiffany Condominiums, two 16-storey buildings consisting of a total of 240 residential units as well as a two-level underground parking garage. (St. John's)
Condominium Development	NA	2012/2014	19	KMK Capital Inc. - development of the Fairway Condominiums; a 40-unit, four-storey building adjacent to the Clovelly Golf Course. (St. John's)
Condominium Development	NA	2012/2016	19	KMK Capital Inc. - development of Westfield Condominiums off Captain Whelan Drive. Will consist of construction of 60 buildings with four 1,000 sq. ft. units per building. KMK is managing this development. (St. John's)
Condominium Development	60.0	2012/2016	19	Rockmount Properties Inc. - construction of the Sundara Condominiums on Blackmarsh Road. Plans include four, three-storey condominium buildings featuring 51 units per building with underground parking. (Mount Pearl)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Condominium Development	NA	2012/2014	19	342 Duckworth Street Developments LP - residential and commercial redevelopment of the former CBC building on Duckworth Street, to be known as the "Marconi" Building. A total of 47 condominiums will be developed. (St. John's)
Housing Development	NA	2000/2015	19	Cabot Development Corporation Ltd. - construction of a housing development that will consist of 900 homes, named "Clovelly Trails". 83 homes will be constructed in 2012 as part of Stage 3B. (St. John's)
Modernization & Improvements*	11.3	2012/2012	Various	Newfoundland and Labrador Housing Corporation - planned improvements to social housing stock. Provincial funds. (Various)
Parking Garage/ Condominium Development	NA	2012/2014	19	Duckworth Street Parkade LP/Bell Street Developments LP - construction of two buildings on Duckworth Street and Henry Street known as 'Metropark' and 'Mirador'. The first phase (Metropark) will consist of a 408 stall parking garage available to both condominium owners as well as a selection available to the general public. The second phase (Mirador) will include construction of a five-storey condominium building containing 50 units. Start and end dates shown cover parking garage construction only. (St. John's)
Provincial Home Repair Program*	14.3	2012/2012	Various	Newfoundland and Labrador Housing Corporation - a combination grant/loan program to aid low-income households with home repairs. Includes $2.0 million of repayable loans. Federal/provincial funds. (Various)
Residential Development	NA	2012/2014	19	345-353 Duckworth Street Developments LP - redevelopment of the former Newtel Building on Duckworth Street to be called 'Mix' which will consist of 83 residential condominium units as well as retail space. (St. John's)
Residential Development	30.0	2012/2014	19	Nolan Hall Real Estate Ltd. - construction of "Harbourside Condominiums and Spa", a 140-unit building on Temperance Street and Battery Road consisting of condominiums and penthouses. The building is five levels over Temperance Street and four levels over Battery Road and has a total area of 7,840 sq. metres. (St. John's)
Residential Development	8.5	2011/2012	19	Gibraltar Development Ltd. - construction of two, three storey residential condominium buildings for seniors on Freshwater Road consisting of 55 units as well as two semi-detached dwellings with four units each. (St. John's)
Residential Development	N	2012/2014	19	Wrightland Development Corporation - development of "Mclea Park" off Shaw Street. Will include construction of four townhouses; seven executive building lots; and two units in a converted heritage structure. (St. John's)
Residential Development*	1.2	2012/2012	1	Newfoundland and Labrador Housing Corporation - construction of four new low-income houses. (Hopedale)
Residential/Office Development	15.0	2011/2014	19	Gibraltar Development - construction of a single detached house, two semi-detached houses, three townhouses, a four-storey 28-unit condominium building, and a two-storey office building with loft space on Rhodera Street. (St. John's)
Roof Replacement*	2.0	2012/2012	19	Newfoundland and Labrador Housing Corporation - roof replacement on several Pleasantville apartment buildings. (St. John's)
Subdivision Development	1.0	2012/2012	8	Marine Contractors Inc. - land development for the 20-lot "Stratton" subdivision off Massey Drive. (Corner Brook)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Subdivision Development	NA	2012/2016	19	Wrightland Development Corporation - construction of the 113-lot "Sunset Landing" subdivision. To be developed over four phases. (Conception Bay South)
Subdivision Development	25.0	2009/2016	19	Bristol Development Inc. - land development for the 450-lot "Bristolwood" subdivision off Kenmount Road. Approximately 75 lots will be developed this year at a cost of $4.1 million. (St. John's)
Subdivision Development	80.0	2011/2013	19	King William Development Limited - development of the "Virginia Water Village" subdivision. Project is currently in its third phase with 105 houses to be constructed in 2012/2013. (St. John's)
Subdivision Development	1.3	2012/2012	19	HJR Holdings Ltd. - land development for Phase IV (44 lots) of "Lawrence Pond Estates", a 140-lot subdivision on the Conception Bay Highway. (Conception Bay South)
Subdivision Development	NA	2012/2012	19	Cabot Development Corporation Limited - site work for a 68-lot adult living residential subdivision off Stavanger Drive. (St. John's)
Subdivision Development	NA	2012/2032	19	KMK Capital Inc. - development of the "Glencrest at Southlands" subdivision. Will include a mix of residential, commercial and industrial lots and cover 2,500 acres of land. Estimated total cost of $4 billion over the life of the project. KMK will manage this development. (St. John's)
Subdivision Development	1.2	2012/2013	19	Republic Properties Inc. - land development for a 16-lot residential subdivision covering approximately 2.6 acres on Old Petty Harbour Road. (St. John's)
Subdivision Development	26.0	2011/2013	19	ERCO Developments Inc. & New Victorian Homes Inc. - continued development of the "Southridge" subdivision. The subdivision will consist of 88 homes, with 30 to be constructed in 2012. (St. John's)
Subdivision Development	50.0	2010/2018	19	ERCO Developments Inc. & New Victorian Homes Inc. - continued development of the "Grand Meadows" subdivision. Subdivision will consist of 200 houses, with 40 to be constructed in 2012. (Paradise)
Subdivision Development	20.0	2009/2013	19	ERCO Developments Inc. & New Victorian Homes Inc. - continued development of the "Ashlin Ridge" subdivision. This phase will consist of 50 houses, with 16 to be constructed in 2012. (St. John's)
Subdivision Development	NA	2012/2012	14	McCurdy Enterprises Ltd. - development of Phase XII of the "Spruce Court" subdivision. 160 lots are scheduled to be developed in 2012. (Gander)
Subdivision Development	7.5	2011/2013	19	Deer Park Contracting Ltd. - construction of 10 luxury homes on Halliday Place off Elizabeth Avenue. Capital cost estimate by Department of Finance. (St. John's)
Subdivision Development	NA	2010/2012	19	Donovan Homes Limited - construction of a subdivision on Mount Carson Avenue; completion of Phase V in 2012 totalling 53 houses and beginning of Phase VI adding 42 houses. (Mount Pearl)
Subdivision Development	6.5	2012/2012	8	52453 Newfoundland and Labrador Limited - construction of Phase III of "Pratt Street Extension" subdivision. This phase will consist of the development and construction of 24 units. (Corner Brook)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Subdivision Development	122.0	2005/2017	19	Octagon Development Corporation - construction of the "Adam's Pond" subdivision in Paradise consisting of a total of 350 homes. Approximately 30 homes to be constructed in 2012. (Paradise)
Subdivision Development	15.0 - 16.0	2011/2012	19	Karwood Estates Inc. - subdivision to be constructed in Karwood Estates near Neil's Pond Walking Trail. Phase I will be completed in 2012 and consist of 38 houses. Construction of Phase II will commence this year and consist of 20 houses. (Paradise)
Subdivision Development	50.0	2007/2014	19	Development of a subdivision that will consist of 200 single homes, named "City View Terrace". 80 houses completed. William Doyle and Associates Limited is developing the land. (St. John's)
Tourism/Culture/Recreation				
Building Restoration*	21.6	2009/2014	19	Restoration of the Colonial Building and grounds for use as an interpretation centre, featuring the political history of Newfoundland and Labrador. Will include office space for government staff and provincial heritage organizations. Current work will address the interior structural building systems. Projected expenditure of $1.9 million for the 2012/13 fiscal year. Federal/provincial cost-shared. (St. John's)
Church	2.9	2012/2013	19	St. Michael and All Angels Anglican Church - construction of a church on the corner of Ladysmith Drive and Kiwanis Street. (St. John's)
Convention Centre Expansion*	NA	2012/2015	19	City of St. John's - expansion of the current convention centre to increase capacity and allow the hosting of much larger conventions. (St. John's)
Facility Upgrade	2.0	2011/2013	15	Bonavista Historic Townscape Foundation Inc. - harbourfront development project including the Garrick Theatre Annex. Includes a $1.5 million contribution from ACOA and $500,000 contribution by the Department of Innovation, Business and Rural Development. (Bonavista)
Hotel	17.0	2012/2013	19	Manga Hotels Group - construction of a Hampton Inn and Suites on Stavanger Drive featuring 129 rooms and 2,500 sq. ft. of meeting room space contained within five storeys. (St. John's)
Hotel	35.0	2012/2013	19	Southwest Properties Ltd. - construction of a 150-room hotel and two-level parking garage located at 123 Water Street. (St. John's)
Hotel	10.5	2008/2012	8	Deer Lake Express Hotel Ltd. - construction of an 88-room hotel adjacent to the Trans Canada Highway. Will include meeting rooms, an indoor pool and a water slide. (Deer Lake)
Hotel	15.0	2012/2013	19	Republic Properties Inc. - construction of a hotel and a long-term stay facility with parking garage on Duckworth Street. (St. John's)
Hotel	21.0	2011/2013	19	Silverbirch Hotels and Resorts - construction of a Fairfield Inn & Suites with 148 rooms and 4,000 sq. ft. of meeting space constructed over four storeys on Kenmount Road. (St. John's)
Hotel	14.0	2012/2014	19	Steele Hotels Limited - construction of a 90-room hotel with on-site meeting space and a restaurant between Water Street and George Street West. (St. John's)
Hotel Expansion	1.0	2011/2012	15	Fishers' Loft Inn Incorporated - addition of 7,000 sq. ft. conference centre and 12 rooms to the existing inn. (Port Rexton)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Interpretation Centre	8.0	2012/2013	19	Manuels River Natural Heritage Society - construction of the Manuels River Hibernia Interpretation Centre. The 10,000 sq. ft. facility will provide interpretative material related to the area's fossilized and geological history. New trails, bridges and lookouts will also be constructed in the area surrounding the facility. Includes municipal, federal and provincial funding, as well as private donations. (Conception Bay South)
Movie Theatre	NA	2012/2013	19	Empire Theatres Limited - construction of a new eight-screen theatre complex in the Field Power Centre on Torbay Road. (St. John's)
Multi-Purpose Facility Interior Modifications	1.6 - 2.0	2011/2014	15	Canadian Iceberg Vodka Corporation - includes establishment of an iceberg demonstration centre for visitors, retail space, office space, water and dry goods storage, as well as a PET bottle blow moulding operation within a restored historic building. (Port Union)
Recreation Complex	54.0	2009/2014	19	City of Mount Pearl - the complex will be constructed in two phases. Construction of a national standard ice pad adjoining the Glacier Arena has been completed. Expansion to the existing Reid Community Centre including a fitness/wellness space with an indoor walking track; construction of a new aquatics/leisure pool; and construction of a new youth centre area is scheduled to be completed between Summer/Fall 2014. Municipal funding of $42.72 million with the remainder cost-shared between the provincial and federal governments. (Mount Pearl)
Recreational Infrastructure Program*	111.5	2011/TBD	Various	Construction of recreational facilities across the province including ice arenas in Makkovik, Harbour Grace, Paradise and Conception Bay South; community multi-purpose buildings in Hopedale and Pasadena; and pool facilities in Marystown and Lewisporte. Provincial contribution of $73.1 million. (Various)
Resort Renovation and Expansion	10.0	2009/2014	15	Terra Nova Resort & Golf Community - conversion of existing Terra Nova Resort hotel rooms into suites and the construction of several condominiums, a recreation centre, indoor pool and an RV park. (Port Blandford)
Tourism Development	2.6	2010/2012	19	City of St. John's - redevelopment of Quidi Vidi village as an arts and tourism centre. Project includes construction of a bridge from the site to the East Coast Trail. Development will also provide space to promote arts and crafts. Federal and municipal funds. (St. John's)
Tourism Infrastructure	25.0	2009/2012	14	Shorefast Foundation - includes a world-renowned artist residency program (including remote studio locations and restored traditional homes to be used as artist residences) and a five-star inn that features a conference centre, an art gallery and heritage library. There will also be performance spaces and festivals for all cultural events. Funding includes $5 million each from federal and provincial governments. (Fogo Island, Change Islands)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Transportation				
Airport Improvements	10.1	2012/2012	14	Gander International Airport Authority Inc. - recapping existing 10,500-foot runway. Funding includes $3.3 million each from federal and provincial governments. (Gander)
Airport Improvements and Expansion	167.2	2011/2020	19	St. John's International Airport Authority - plan includes expansion of terminal building, new access road, expanded vehicle parking, passenger loading facilities, additional apron space, new cargo building, and airfield upgrades. The extension to the east end of the terminal building (Phase I) is scheduled to start toward the end of 2012 with completion by 2016. The extension to the west end of the building (Phase II) is expected to occur over the 2016 to 2018 period. Also includes installation of a Category III Instrument Landing System on the airport's principal runway and a number of associated infrastructure improvements required to support the technology. Total cost of the landing system project is $25.8 million of which the federal and provincial governments will contribute $8.6 million each. (St. John's)
Bridge Replacement*	49.4	2012/2014	18	Replacement of the Sir Ambrose Shea Lift Bridge (as well as funding for immediate repairs to restore load capacity to the old bridge). Projected expenditure of $11.6 million for the 2012/13 fiscal year. Federal and provincial funds. (Placentia)
Bus Replacement	15.0	2012/2017	19	City of St. John's - replacement of 30 buses in the Metrobus fleet. (St. John's)
Conception Bay South Bypass Extension*	17.4	2010/2013	19	Construction of bypass road extension. Funded between the federal and provincial governments. Projected expenditure for 2012/13 fiscal year is $13.5 million. (Conception Bay South)
Ferry Service Improvements*	392.0	2010/2014	10, 18	Marine Atlantic Inc. - funding allocated to renew fleet and shore facilities and improve the ferry service linking the Island of Newfoundland and Nova Scotia. Funds include a new terminal in North Sydney, Nova Scotia and improvements to the terminal in Port aux Basques. $46.9 million expected to be spent this year. Federal funds. (Channel-Port aux Basques, Argentia)
Highway Diversion*	11.9	2010/2012	5	Construction of a diversion at the Pinware River on Route 510, Trans Labrador Highway South. Projected expenditure of $1.8 million for the 2012/13 fiscal year. Federal and provincial funds. (Pinware River)
Highway Extension*	50.4	2010/2014	19	Construction of the Team Gushue Highway Extension. Projected expenditure of $17.9 million for the 2012/13 fiscal year. Federal/provincial cost-shared. (St. John's)
Marine Infrastructure*	5.0	2012/2012	Various	Includes ongoing maintenance of existing wharves and terminals as well as capital investment in new construction and improvements. Provincial funds. (Various)
Moose Fencing and Detection Systems*	2.9	2011/2012	Various	Construction of a 16-kilometre stretch of fencing along the Trans Canada Highway from west of Gallants Road to east of Barachois Pond Provincial Park, as well as, moose detection systems on the Trans Canada Highway east of Salmonier Line covering 1.5 kilometres and east of Grand Falls-Windsor covering 2.0 kilometres. Provincial funds. (Various)
National Highway Systems Projects*	94.9	2010/2013	Various	Program to allow improvements to roads on the National Highway System, primarily on the Trans Canada Highway. Funded under the Core National Highway component of the Building Canada Fund. Projected expenditures of $33.9 million for the 2012/13 fiscal year. Federal/provincial cost-shared. (Various)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Overpass*	6.2 - 7.9	2011/2012	19	Replacement of Kenmount Road overpass at Topsail Road. The new overpass will have four lanes instead of the original two. This project will also widen Topsail Road to six lanes under the overpass. Federal/provincial cost-shared. (Paradise)
Port Upgrade	2.5	2012/2013	18	Argentia Port Corporation - construction of a roll-on/roll-off ramp at the Port of Argentia. (Argentia)
Provincial Roads Improvement Program*	62.2	2012/2012	Various	Includes secondary road improvement projects in various parts of the province. Includes expenditures related to Hurricane Igor recovery and restoration. Provincial funds. (Various)
Salt Storage Sheds*	1.4	2012/2012	Various	Construction of road salt storage sheds. Provincial funds. (Various)
Trans Labrador Highway Phase I Surfacing*	249.7	2007/2014	2, 3	Application of hard surface on Phase I of Trans Labrador Highway from Happy Valley-Goose Bay to Wabush. Expenditures for 2012/13 are $83.3 million. Funding for this project is split between federal and provincial governments to a maximum of $50.0 million in federal contribution. Capital cost is an estimate. (Various)
Vessel Refits*	16.7	2012/2012	Various	Refits of the existing fleet of 10 government-owned vessels. Provincial funds. (Various)
Vessel Replacement Program*	4.1	2012/2012	Various	2012/13 cash flow for vessel replacement program. Provincial funds. (Various)
Weigh Scales Facility*	2.1	2010/2012	2	Establishment of a weigh scales facility along the Trans Labrador Highway. This project and associated capital cost excludes construction of the building. Projected expenditure of $500,000 for the 2012/13 fiscal year. Provincial funds. (Trans Labrador Highway)
Utilities				
Electric Utility Capital Expenditures	48.6	2012/2012	2	Churchill Falls (Labrador) Corporation - capital expenditures for improvements and upgrades. (Churchill Falls)
Electric Utility Capital Program	77.0	2012/2012	Various	Newfoundland and Labrador Hydro - capital programs that include upgrades and improvements to transmission lines, distribution systems, generating facilities and electricity grid components. (Various)
Electric Utility Capital Program	77.3	2012/2012	Various	Newfoundland Power Inc. - includes capital expenditures to further upgrade and enhance electricity system. (Various)
Lower Churchill Development - Phase I (Muskrat Falls)	6,200.0	2012/2017	Various	Nalcor Energy/Emera Inc. - development of Phase I of the Lower Churchill hydroelectric development. Consists of development of Muskrat Falls portion of project that entails: construction of an 824 megawatt hydroelectric generating facility at Muskrat Falls on the lower Churchill River; construction of a HVac transmission line from Muskrat Falls to Churchill Falls; construction of two HVdc transmission lines, one connecting the Churchill River and island of Newfoundland and the other connecting Newfoundland and Nova Scotia. Emera Inc. will contribute 20% of overall costs. (Various)
Wind-Hydrogen-Diesel Energy Project	11.7	2007/2012	9	Newfoundland and Labrador Hydro - integration of wind, hydrogen and diesel generation in the remote island community of Ramea. Includes partial funding through ACOA and provincial government. (Ramea)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Other Investment				
Building Redevelopment*	57.5	2008/2013	19	Royal Newfoundland Constabulary - redevelopment of RNC Headquarters at Fort Townsend. The work will include upgrades to the headquarters building and the annex; conversion of the gymnasium into four floors of office space; expansion of the headquarter entrance and foyer; and completion of the underground link between the annex and main building. Projected expenditure for the 2012/13 fiscal year is $20.3 million. Provincial funds. (St. John's)
Capital Program*	35.0	2012/2016	Various	Royal Canadian Mounted Police - replacement and retrofitting of detachments and living quarters. Provincial/federal cost-shared on a 70/30 basis. (Various)
Flight Headquarters*	7.0	2012/2013	14	Department of National Defence - construction of a 1,358 sq. metre purpose-built facility to replace the existing building that houses a reserve heavy construction unit (91 Chief Engineering Flight). (Gander)
Hyperbaric Facility	2.7	2012/2012	19	Sea-Force Hyperbaric Incorporated - purchase of a portable hyperbaric chamber to receive hyperbaric life boats. (Mount Pearl)
Multi-Purpose Facility*	117.5	2010/2013	19	Government of Canada - construction of a new facility to replace current military units in Pleasantville. Facility will be comprised of operational training space, offices and classrooms, special medical and dental facilities, warehouse and vehicle maintenance space. Federal funds. (St. John's)
Public Buildings*	37.9	2012/2012	Various	Maintenance and development of public buildings. Provincial funds. (Various)
Rural Broadband Initiative*	46.3	2012/2012	Various	Construction of infrastructure related to the delivery of Broadband Internet in rural communities through a partnership with Bell Aliant, XploreNet Communications, Burgeo Broadcasting Systems and Ramea Communications. Federal and provincial funding contributions. (Various)
Search and Rescue Facility	7.0	2011/2012	19	Cougar Helicopters Inc. - construction of a 27,500 sq. ft. search and rescue facility at St. John's Airport. The hanger will house up to two Sikorsky S-92 helicopters as well as all applicable rescue equipment and staff. (St. John's)

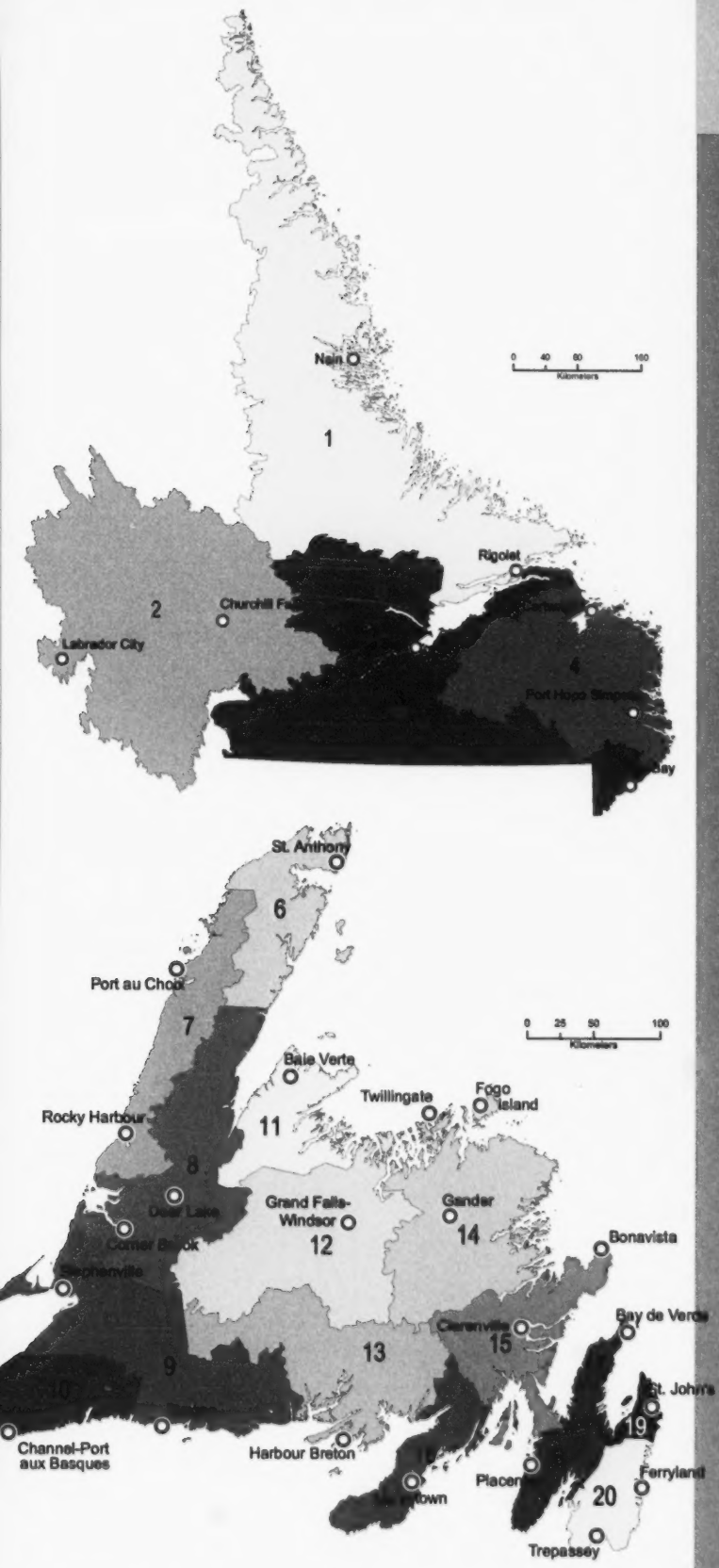
GDP and EMPLOYMENT

	Gross Domestic Product 2010e		Employment 2011	
	$ Millions	% of Total	Person Years, 000s	% of Total
Goods-Producing Sector	**13,753.8**	**52.3%**	**48.9**	**21.7%**
Agriculture	57.8	0.2%	2.0	0.9%
Forestry & Logging	79.6	0.3%	0.9	0.4%
Fishing, Hunting & Trapping	163.0	0.6%	3.8	1.7%
Mining	2,251.5	8.6%	3.6	1.6%
Oil Extraction and Support Activities	8,000.9	30.4%	7.0	3.1%
Manufacturing	1,066.7	4.1%	10.6	4.7%
Fish Products	266.7	1.0%	4.2	1.9%
Other	800.0	3.0%	6.4	2.8%
Construction	1,540.7	5.9%	18.9	8.4%
Utilities	593.6	2.3%	2.2	1.0%
Services-Producing Sector	**12,565.8**	**47.7%**	**176.4**	**78.3%**
Wholesale Trade	587.4	2.2%	5.6	2.5%
Retail Trade	1,234.2	4.7%	33.0	14.6%
Transportation and Warehousing	668.3	2.5%	10.5	4.7%
Finance, Insurance, Real Estate & Business Support Services	2,723.5	10.4%	13.5	6.0%
Professional, Scientific & Technical Services	600.5	2.3%	8.7	3.9%
Educational Services	1,310.9	5.0%	17.9	7.9%
Health Care & Social Assistance	1,936.3	7.4%	35.3	15.7%
Information, Culture & Recreation	623.8	2.4%	7.6	3.4%
Accommodation & Food Services	372.5	1.4%	12.6	5.6%
Public Administration	1,808.6	6.9%	19.9	8.8%
Other Services	699.8	2.7%	11.8	5.2%
Total, All Industries	**26,319.6**	**100.0%**	**225.4**	**100.0%**

Note: GDP is expressed at basic prices, measuring payments made to the owners of factor inputs in production. This differs from GDP at market prices. The difference is attributable to taxes less subsidies on products. Industry components may not sum to total due to independent rounding.

Source: Statistics Canada; Department of Finance

ECONOMIC ZONES



1 Nunatsiavut Government

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3 Central Labrador Economic Development Board

4 Southeastern Aurora Development Corporation

5 Labrador Straits Development Corporation

6 Nordic Economic Development Corporation

7 Red Ochre Regional Board

8 Humber Economic Development Board

9 Long Range Regional Economic Development Board

10 Marine and Mountain Zone Corporation

11 Emerald Zone Corporation

12 Exploits Valley Economic Development Corporation

13 Coast of Bays Development Corporation

14 Kittiwake Economic Development Corporation

15 Discovery Regional Development Board

16 Schooner Regional Development Corporation

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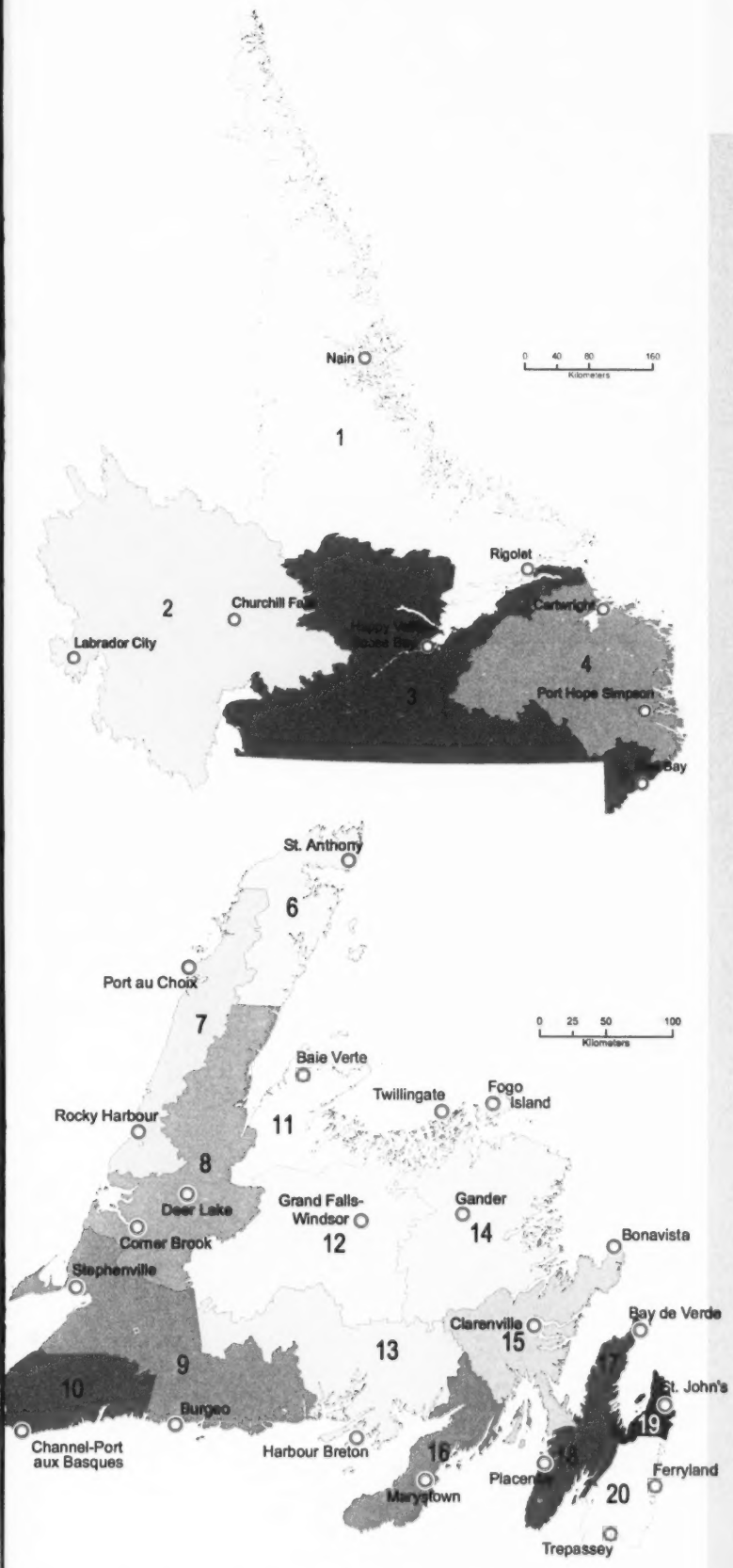
Source: Statistics Canada; Department of Finance

ECONOMIC ZONES



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